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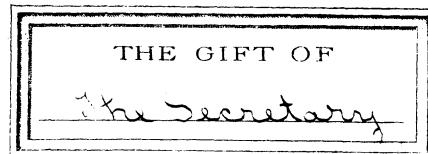
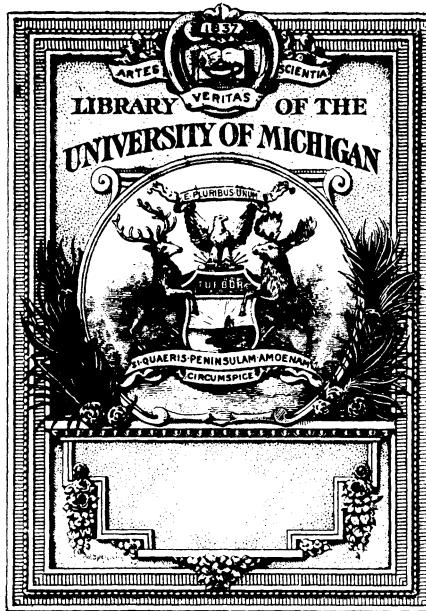
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SECOND ANNUAL REPORT

OF THE

GOVERNOR OF PORTO RICO,

COVERING THE PERIOD

From May 1, 1901, to July 1, 1902.

RESPECTFULLY SUBMITTED TO

HON. THEODORE ROOSEVELT,

President of the United States,

Through the HON. JOHN HAY, Secretary of State,

BY

WILLIAM H. HUNT,

Governor of Porto Rico.

JULY 1, 1902.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1902.

To the Senate and House of Representatives:

I transmit herewith a communication from the Secretary of State accompanying the second annual report of the governor of Porto Rico, and indorse the suggestion that the interest attaching to it may warrant its being printed for the use of Congress.

T. ROOSEVELT.

WHITE HOUSE,

Washington, December 9, 1902.

III

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DEPARTMENT OF STATE,
Washington, December 6, 1902.

The PRESIDENT:

In pursuance to the act providing a civil government for Porto Rico, I have the honor of transmitting herewith the second annual report of the governor of that island, with appendixes. In view of the interest attaching to political, industrial, and other developments in Porto Rico, under the present form of government, I respectfully suggest that the report be submitted to Congress with the recommendation that it be printed for the use of the Senate and House of Representatives, a special edition of 3,000 copies having been ordered for distribution by the insular government and the Department of State.

Respectfully submitted.

JOHN HAY.

1

C O N T E N T S .

	Page.
Transmittal	8
General review	9
Descriptive:	
Culebra	13
Vieques	16
Public lands	16
Agriculture	17
Guano	31
Minerals	31
Commerce and manufactures	34
Roads and telegraphs	38
Railroads	39
Education	41
Fiscal system	46
Judicial system	56
Municipal affairs	57
Health	61
Charities	62
Insular police	64
Prisons and jails	65
Labor and wages	66
Immigration	67
Climate	69
Corporations and franchises	70
Conclusion	70

C O N T E N T S O F A P P E N D I X .

- I.—Report of insular secretary.
- II.—Report of attorney-general.
- III.—Report of treasurer.
- IV.—Report of auditor.
- V.—Report of commissioner of interior.
- VI.—Report of commissioner of education.
- VII.—Report of the superior board of health.
- VIII.—Report of the director of charities.
- IX.—Report of chief of insular police.
- X.—Proclamation of June 22, 1901.
- XI.—Free-trade joint resolution.
- XII.—Free-trade proclamation.
- XIII.—Inaugural address of Governor Hunt.
- XIV.—Message of governor to legislative assembly.

LIST OF ILLUSTRATIONS.

	Facing page.
Coat of arms.....	Frontispiece.
Insular Normal School	249
Porto Rican-American Tobacco Company	50
Banana tree.....	26
Coffee plantation	22
Grading for new road.....	215
Placing macadam on road.....	38
Rolling new road.....	218
Coffee tree	17
Automobile on military road	226
Company insular police.....	325
Camp Roosevelt, Culebra Island	14
Port, Culebra Island.....	14
Outer harbor, Culebra Island.....	14
Carpenter shop, Boys' Charity School	319
Battalion, Boys' Charity School	314
Sewing room, Girls' Charity School.....	63
Central Aguirre Plantation.....	30
Guanica Company's plantation	37
Arecibo, Washington's birthday.....	335
Palace, taken through wall	70

LETTER OF TRANSMITTAL.

EXECUTIVE MANSION, PORTO RICO,
San Juan, July 10, 1902.

SIR: I have the honor to transmit herewith my report as governor of the island of Porto Rico. It is contemplated that a report shall be submitted to you annually of the transactions of the government through the Secretary of State. Appended to the report are sub-reports from the heads of the several departments of the insular government and such other matters as it is believed are pertinent and proper to be appended.

I have the honor to be, sir, very respectfully,

WILLIAM H. HUNT,
Governor.

The PRESIDENT
(Through the Secretary of State).

REPORT
OF THE
GOVERNOR OF PORTO RICO.

EXECUTIVE MANSION, PORTO RICO,
San Juan, July 10, 1902.

SIR: In transmitting this, the second annual report of governmental affairs in Porto Rico, I have the honor to advise you of healthy progress and steady advancement in all substantial respects. In a political sense, there has been further adaptation to the institutions and laws, together with more widespread understanding of the purposes of the United States and a growing desire for closer relationship; administration is improved in municipal affairs; in education, increasing numbers of children are acquiring knowledge calculated to prepare them for useful citizenship; in agriculture, there has been a larger cultivation of land; in commerce, exports have materially increased and trade has generally grown; in internal improvements, new roads have been built, the telegraph system has been extended; in health, people are taking more care of themselves, the death rate has decreased, hospitals are better. These statements are warranted by facts, which I shall proceed to give. First, though, it is fitting that I relate in a narrative way, the principal events which have occurred during the year and are directly connected with the history of the government of the island.

The act creating civil government, approved April 12, 1900, provided that, whenever the legislative assembly should enact and put into operation a system of local taxation sufficient to pay the expenses of the government, and by resolution should notify the President, all tariffs on merchandise passing between the island and the United States should cease. The revenue act, better known as the Hollander law, passed at the first session of the legislative assembly, contemplated the raising of sufficient revenue to enable the island to enjoy the benefits of free trade after March 1, 1902, under any circumstances, yet it was hoped that the income would be sufficient to enable free trade to be declared prior to that time. From February 1, when the new excise system went into effect until June 1, 1901, the revenues

exceeded expectations, and the provisions of the law worked so well that it was plain the island could advance to free trade during July, 1901. Accordingly, by proclamation, Governor Allen summoned the legislative assembly to convene in extraordinary session on the 4th of July, "to consider whether or not the system of local taxation was sufficient to meet the necessities of the government, and if it should be determined that it was, to notify the President of the United States for action by him." In the best possible frame of mind the legislature organized, and after hearing a statement by the treasurer, unanimously passed a joint resolution notifying the President that the legislative assembly of Porto Rico had put into operation a system of local taxation to meet the necessities of the government of Porto Rico. The last clause of the resolution requested the governor to deliver a copy thereof to the President, to the end that proclamation might be made according to the provisions of the act of Congress, and asking that, if it should seem fit, such proclamation might issue on the 25th day of July, that being a legally established holiday in Porto Rico, commemorating the anniversary of the coming of the American flag to the island. Governor Allen personally left the island on July 13, and thereafter delivered to President McKinley, at Canton, Ohio, a copy of the resolution adopted by the legislature. On July 25 President McKinley issued his proclamation. The people of the island were duly notified by cable, and from and after that day free trade has existed between the United States and Porto Rico.

Governor Allen then felt that the important work that he had set about to perform when he was persuaded to accept the position of first governor of Porto Rico was sufficiently done to justify his retirement. He had successfully led in the transition from military to civil power, and by his acts and under his guidance there had been laid the foundations for enduring civil government. The accomplishment was a great one, to be appreciated the more as time goes by.

As an executive, Governor Allen practiced economy and careful administration in each and every department. At the same time he was progressive, encouraging, and a firm believer in the future of Porto Rico. The people regretted his departure, and President McKinley reluctantly accepted his resignation, to be effective September 15, 1902. On August 26 the writer was appointed as his successor. Having been secretary from the beginning of civil government, and having acted as governor during the absences of Governor Allen, the work was not strange to me nor were the responsibilities unappreciated. I qualified on September 15. Owing to the death of President McKinley, the ceremony attending the inauguration was perfectly simple, the oath being taken in the large room in the executive mansion, in the presence of the supreme court, a few members of the legislature, and officials of the government.

Referring to the death of President McKinley, the conduct of the people should be mentioned. From all parts of the island came telegrams, letters, and resolutions indicating sorrow among the Porto Rican people. These manifestations were sincere and well indicated the feeling of gratitude for the benefits that had been conferred while he was President, as well as the esteem of the people for his pure character as a man.

After the qualification of the new governor, the office of secretary remained vacant, Judge MacLeary, the able assistant secretary, acting until the early part of November, when the Hon. Charles Hartzell, of Denver, Colo., arrived and immediately entered upon the discharge of his duties.

In the beginning of July the treasurer, Hon. J. H. Hollander, left the island, and subsequently tendered his resignation to the President, but it was not accepted until November, when Mr. W. F. Willoughby, of the District of Columbia, was appointed to succeed him. Dr. M. G. Brumbaugh, the commissioner of education, left in November, 1901, and resigned, to be succeeded by Dr. S. M. Lindsay, who had been an instructor at the University of Pennsylvania. Dr. Lindsay qualified in February.

The changes in the membership of the executive council did not alter its policy, however, for the general lines laid out in the beginning have been proven to have been so well directed that there has been no suggestion of radical departure from them. The loss of Dr. Hollander and Dr. Brumbaugh was distinct. Each was an exceptionally qualified man, but in Mr. Willoughby and Dr. Lindsay they have worthy successors who understand the value of what was done by the pioneers, and will carry on the work with skill and energy.

To conduct each of the departments under the form of government obtaining requires a combination of abilities. A man, to be successful, must have executive capacity, for he has a large organization under him, depending in its efficiency upon system and administrative control; he must have legislative fitness in view of his membership in the executive council, which meets frequently in legislative or quasi legislative session to consider proposed laws or franchises; and he should have qualities of judgment and discretion specially related to the several responsible duties assumed. Now that the third year of civil government is well under way, it is not amiss to say that from the very beginning the administrative department heads have worked in cordial cooperation, all striving to put the new government in accord with the best American methods, and at the same time to do so without unnecessary violence to forms and customs prevalent among the people.

Indeed, the whole policy has been, and is, to make changes with scrupulous regard to the traditions, language, habits, and happiness of

the islanders themselves. In this way the people have better learned what self-government stands for, and have, with safe enough rapidity, adopted many American laws and methods. It would have been a grave error to have ignored the fact that the standards of life in Porto Rico and the United States proper are quite different; that climatic conditions are dissimilar, and that the training of the people was with different civilizations. All these considerations entered into administration, and the older that our experiences have become the firmer is the conviction that in an anxiety to implant American institutions we should not underestimate the worth of those of foreign countries, nor must we urge new laws without conservative regard of the necessity for native help and approval. Permanent advancement, close relationship, and mutual confidence will all come by continuing such a course, even though it be apparently less rapid than a harsh one might be.

The progress of civil government thus far has been very encouraging, and no reason can be seen to fear any serious interruption in the future. It was too much to expect that all of the people would at once appreciate the greatness of the new nation, or thoroughly understand its magnanimous institutions; yet the government has always had the earnest assistance of many leaders of the Porto Rican people, and as practical knowledge of the government has been more diffused, satisfaction and content have become more real.

The legislature at its second session in January last worked with commendable ease under the Reed rules, which had been translated into Spanish. Their proceedings were orderly and their debates temperate. True, all of the members were of one political party, but the quality of self-restraint was shown in ways which justify the belief that it exists and will characterize future sessions with membership from both parties. No more severe criterion of the fitness of a community for popular government exists than their legislative output; happily, in the instance of Porto Rico, we find that the new statutes are in line with modern experience and healthy public thought. There is every tendency to protect capital, yet the elevation of labor has not been overlooked. Among other laws enacted, we find a bill of rights or fundamental guaranty. Sanitary reform has been made obligatory, educational taxes are authorized, good election laws prevail, an agricultural station has been provided for, penal and political codes are in force, provision for surveys of lands has been made, gambling has been declared unlawful, a legal rate of interest has been fixed, and appropriations were passed to maintain the government. These represent some of the work accomplished during the last year.

The people are loyal, intelligent, and, with rare exceptions, kindly disposed. The pride that the Porto Rican feels in his allegiance to the United States is well evidenced by the bearing and conduct of the soldiers in the United States provisional regiment, which consists entirely of natives of the island with the exception of the officers. To Colonel

Buchanan, now lieutenant-colonel of the Fifth Infantry, is primarily due credit for the efficiency to which the regiment has been brought. They are a very fine-looking body of troops, enduring the military duties assigned to them quietly and without showing fatigue or suffering. The mounted battalion, under the immediate control of Major Swift, at Cayey, is also worthy of special mention. As horsemen they excel, and generally speaking they are good marksmen, sober, well-behaved soldiers. From an educational standpoint the establishment of this regiment has done inestimable good. It has taught those enlisted habits of discipline and how to rely upon themselves. For many reasons it is a good thing that all do not reenlist, inasmuch as those who go out into civil life spread the beneficial lessons that they have learned as soldiers. The officers rely with confidence upon the fighting qualities of the Porto Ricans, and without hesitation declare that they will acquit themselves with honor in defense of the nation when called upon.

Bitter political differences, based principally upon personal antagonisms arising out of former times, divide the people among themselves, and although a very few may be dissatisfied with the government, the sovereignty of the United States, with protection of person and property accorded, is now a source of pride to the vast majority of them.

The same two political parties exist in the island that did last year, Republican and Federal. The Republicans have been in legislative power, and cooperative, while the Federals have generally opposed or criticised their opponents, and to some extent the administration and its policies. Federals regard the organic act as restrictive of popular rights and against their ideas of American government. At present, however, the attitude of the Federal party appears to be more conservative, many of them even advocating a change of name and an abandonment of policies of obstruction. The Federals will doubtless participate in the elections to be held in November and secure representation in the next house of delegates.

The organic act has furnished an admirable form of government for the island. Whatever doubt may have once existed as to its practical applicability must give way before the actual facts recorded under the crucial test of operation. Through its provisions the United States has brought liberty, self-government, and prosperity to a million people.

DESCRIPTIVE.

ISLAND OF CULEBRA.

The island of Culebra, an island adjacent to Porto Rico and included in the scheme of civil government as part of Porto Rico, is situated 17 miles off the eastern coast of the main island and 19 miles from St. Thomas. It has an area of 2,700 hectares (5,592 acres), measuring

about $2\frac{1}{2}$ leagues in length and about 1 in width. Its geographical position warrants more than passing mention.

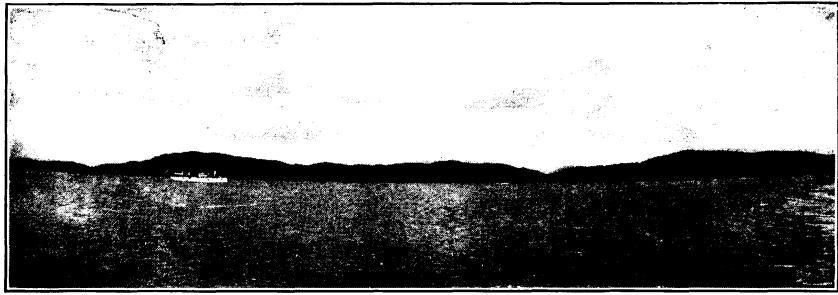
Up to the beginning of the last century, this island was, on account of its excellent harbor—the finest in the Virgin group—the lurking place of pirates. The name “Great Harbor” was given to the bay by the English, who drew the first plan or map of the island some time about 1838. The first name of the island was “Passage,” but later the Porto Rican mariners and fishermen changed this to “Culebra,” which means snake, on account of the island’s peculiar shape.

Cayetano Escudero went to Culebra with ten men on October 27, 1880, in order to begin colonization. On March 4, 1881, the general government recommended that the Madrid Government declare the Culebra ports free, in order to stimulate colonization, in view of the good results that had been attained by a like declaration in the island of Vieques. In September, 1877, the captain-general of Porto Rico recommended to the Madrid Government the establishment of a delegation of the government in the island of Culebra, and in August, 1881, Mr. Cayetano Escudero, the first special delegate of the government of the island, was appointed.

Provisional concessions of lots or parcels of lands were made by the government, upon report of the delegate of Culebra. The final concessions were made by the governor, also upon report of the delegate and of the standing committee on the cultivation of the lands of the island, it being stated in the latter report that the conditions fixed by the government for the acquisition of the ownership of the lands had been complied with. The final cession was made to several persons who proved that they had cultivated the land ceded to them, within the time stipulated in the concession.

The colony did not thrive during the first few years following its establishment, on account of the lack of communication with the neighboring islands and of the difficulties met with in the transportation of the necessaries of life for the colonists, arising from the heavy dues which were collected from vessels clearing for Culebra by the customs of Porto Rico and Vieques.

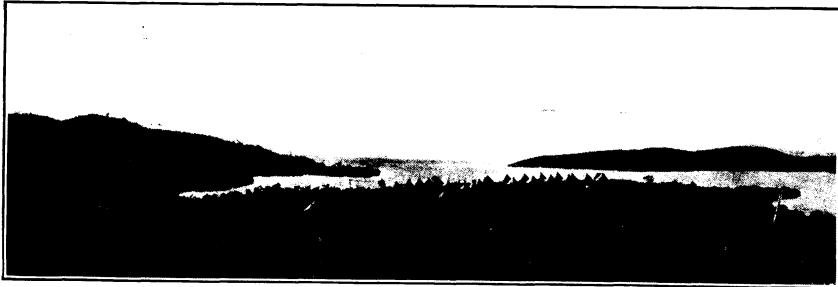
In 1886, traffic between St. Thomas and Porto Rico, conducted in sailing craft, assumed such importance that it attracted the attention of the Spanish consul at St. Thomas, who communicated with the general government of Porto Rico on the matter. It happened that the port of the island of Culebra was used as a roadstead by the smugglers, who, evading the vigilance of the revenue officials, introduced into Porto Rico, from St. Thomas, goods subject to the payment of import duties. One of the principal articles smuggled was American leaf tobacco. The result was that trading by vessels plying between St. Thomas and Culebra was declared illegal, except when the vessels had secured a written permit from the consul of Spain at St. Thomas.



OUTER HARBOR, CULEBRA ISLAND.



PORt, CULEBRA ISLAND.



CAMPE ROOSEVELT, CULEBRA ISLAND.

As the products of Culebra did not meet with ready sale in Porto Rico, because they were of the same kind as those cultivated in the latter place, it was found necessary, in 1889, to authorize the delegate of Culebra to clear one boat (mentioned in the authorization) for the Danish island of St. Thomas, in order to secure a market for the products of his island. In the year following, clearance of one or two more boats was authorized.

The most important articles of export are bovine, equine, and porcine cattle, sweet potatoes, plantains, chewing tobacco, pumpkins, beans, domestic fowls, tortoise shells, charcoal, Indian corn, and mangle bark. These are shipped to Vieques, Fajardo, and San Juan. There are good farms fit for cattle raising, and the raising of domestic fowls is very easy. Several experiments have been made in sugar-cane raising with good results. Some tobacco is raised on the island. Cotton, which grows in a somewhat wild state, its care costing but little, is also produced and yields abundant crops of superior quality.

The commerce of the island is in the hands of five persons. Official statistics show that in 1894 goods valued at \$6,630.49 were imported into Culebra, while the products exported for the same time were valued at \$7,184.20.

The island suffers from drought, having no streams within it.

The village of San Ildefonso has 75 houses, a few of which are fairly good, the majority being huts. The population of the island is about 800.

At present there are two schools, with a registration of 92 pupils and an average attendance of between 70 and 75.

There are 2,639 acres of pasture lands, 894 acres of brush or wood land, and 8 cultivated in tobacco. The total value of property is less than \$100,000.

The island of Culebra has two splendid bays; one, the "Puerto del Manglar" on the east coast, a superior, well-protected harbor, and another which lies on the south of the island and was called Great Harbor by the British and "Ensenada Honda of Culebra" by the Spanish and Porto Rican mariners who had taken refuge in it so many times. Protected from the winds on all sides, its waters are as placid as those of a lake. With abundant depth and a bottom free from all obstructions, it could shelter the largest fleets. A small canal could be cut through the little neck of land in the Playa Sardinas, establishing an outlet for the waters of this bay, which is considered one of the finest harbors in the Antilles, and one which has suffered but little from the havoc of cyclones.

To the southwest of Culebra lies the isle of Luis Peña, which measures between 500 and 600 cuerdas^a and is in complete state of abandon-

^aA cuerda equals 0.972 acres.

ment; this isle and the Punta Soldado form the harbor that has been used by the American war ships that visit the island for the purpose of naval exercises. It has two beautiful shores, Playa Sardinas and Tamarindo, suitable for effecting landings.

On the north coast there is no port except the little open bay called Flamencos, which can be entered by small boats only.

VIEQUES.

The island of Vieques is another asset of value which came to the United States by the acquisition of Porto Rico. It is a most beautiful island, the total area being 26,500 acres, more or less, of which 4,100 are in cultivation in cane, 15,500 in pasture, and 1,000 in fruits, the rest in mountains and waste lands. Vieques has low hills and its lands are sandy near the coast. Exploration in the island began in 1524.

There are now 9,000 head of cattle on the island, and 1,800 horses. Four residents own most of the cultivated cane land. The population of the island is 6,642. Isabela the Second is the principal town, although planters usually go to Humacao or Fajardo, on the main island, for the prosecution of ordinary business. There is some tobacco grown on the island, but its principal crop is cane. It is predicted that cane cultivation will rapidly increase.

PUBLIC LANDS.

There are about 100,000 acres of public lands in Porto Rico, which passed, for the most part, to the United States under the terms of the treaty of Paris. Some of these are valuable for agricultural and timber purposes, while others are close to cities and towns, and will be available for the extension of the growth of the larger cities.

It has been claimed since the institution of civil government that Spain recognized an ownership in the province of Porto Rico as contradistinguished from the ownership of the Crown of Spain, and that therefore there was a separate ownership of certain tracts of these lands in the island as separate from the United States. This contention was never admitted by those representing Federal authority exclusively. The matter was brought before the last Congress and effort was made to secure legislation which would authorize a distribution of the lands in the island between the Federal and insular governments without resort to the courts and without unnecessary delay. Congress took the matter up, and by an act approved July 1, 1902, entitled "An act authorizing the President to reserve public lands and buildings in the island of Porto Rico for public uses, and granting other public lands and buildings to the government of Porto Rico, and for other purposes," the President is authorized, within one year after July 1, 1902, to make such reservations of lands in the island for military,



COFFEE TREE.

naval, light-house, marine hospital, post-office, custom-house, United States court, and other public purposes, as he may deem necessary, and all lands not so reserved are granted, by the terms of the act, to the government of Porto Rico, to be held and disposed of for the use and benefit of the people of the island. The needs of the War and Navy Departments, respectively, will be put before the President, and distribution will be had which will forever settle titles in a most satisfactory way.

Strong argument can be advanced for establishing a naval station in Porto Rico. Its geographical position entitles it to consideration from strategic standpoints, and with the necessities for having a naval base among the West Indies the advantage of the island must be regarded. There are good, protected harbors, the climate is healthful, fine water is to be had in abundance, labor is easily at hand, and other facilities are numerous. The policy of the insular government has always been to cede to the United States, without consideration, for naval-station uses, any land over which it has lawful control, and otherwise to cooperate heartily in all ways toward securing larger naval establishment in the island.

The Roman Catholic Church lays claim to certain valuable properties in San Juan and elsewhere throughout the island. The claims of the church, based upon alleged rights preserved by the treaty of Paris, were laid before a committee of the Senate of the United States in June last, but legislation was postponed. It is assumed that Congressional action will be necessary to determine the claims of the church, because the question would seem to be between the United States and the church. If, however, it should be found that, as to any part of the lands involved, local action is necessary, it will doubtless be had to conform to any action that Congress may take in the premises. In the conferences I have had with Bishop Blenk, representing the church, I have always found him anxious to meet the question in a spirit of entire fairness.

AGRICULTURE.

This island is peculiarly an agricultural country, 63 per cent of the population being engaged in that industry. It is, as far as present information extends, with the exception of Barbados, the most densely populated of farming countries; still there is a large percentage of land which is either lying waste or covered with timber, and used only for its timber products. The area of Porto Rico is approximately 3,668 square miles, which is equivalent to 2,347,520 acres, with a population approaching very closely to a million. Only about 20 per cent of the area is cultivated, 51 per cent being devoted to pasture, 7 per cent waste land, and 22 per cent consumed in roads, streams, towns, and forests. Of the cultivated lands 61,556 acres are in cane, 122,358

acres in coffee, 4,222 acres in tobacco, 93,508 in beans, rice, and corn, and 17,176 in fruits. Much of the pasture land has heretofore been cultivated, and is rapidly being planted again in sugar, coffee, tobacco, and fruits. From the earliest times since the discovery, the people of this island have been devoted to the tilling of the soil.

Sugar cane was brought to Porto Rico from Hispaniola very shortly after the discovery—that is to say, in 1515, nine years after its introduction into the latter island. The cane at present generally used is the Tahiti cane, which the French found growing in the Society Islands in the year 1606.

In the year 1548 the first sugar plantation was founded by Gregorio de Santo Olaya near the Bayamon River, the mill being operated by water and horsepower. For thirty-three years previous to that time molasses had been the only product of the sugar cane yielded in this island. The first production of sugar cane and the erection of mills for the making of molasses and sugar were accomplished by the aid of Government loans to the planters. Under this system there resulted in the year 1602 a total of 8 mills in the island, producing 75,000 pounds of sugar. In 1776 there were produced 273,675 pounds of sugar, with a proportionate quantity of cane-juice sirup.

The first coffee plants were taken from the botanic garden in Paris to Martinique in the year 1720 by M. Gabriel de Doclieu. In 1763 the plant was introduced into Porto Rico from Guadaloupe. In the year 1770 the production amounted to 728,025 pounds and in 1776 to 1,226,225 pounds.

Tobacco was first found in the Antilles by the Spanish conquerors. It was smoked by the natives in pipes and the form of cigars, but the Europeans considered its use a vice, and its cultivation was prohibited by a royal edict in 1608. A quarter of a century later it was again planted, and its use continued in spite of papal bulls and royal orders. In the year 1770 the production reached 2,091,275 pounds, which decreased a few years later to a little more than one-quarter of that amount. In 1836 the cultivation had been greatly augmented, and it was largely exported. The cultivation continued to fluctuate during the entire century, the production reaching its climax in 1880, with an output of 12,188,517 pounds.

In 1647 one of the best historians, Diego Torres Vargas, stated that the principal articles of commerce were ginger, hides, and sugar. The cotton plant is said to have been indigenous to the island, but the first Spanish settlers did not seem to attach much importance to this plant, which then grew wild. About the middle of the eighteenth century the principal crops of the island are mentioned as sugar, cotton, indigo, coffee, pepper, cocoa, nutmeg, and vanilla, most of these, however, growing without cultivation.

During the Napoleonic wars the financial situation in Porto Rico felt their baleful influence, and exportation of agricultural products

was greatly lessened. The culture of coffee, however, took on a new impetus after French refugees came from Haiti; fleeing from the revolution in that island, they brought with them new methods for the cultivation of this crop.

From this time forward the general progress in agriculture steadily increased, and during the latter half of the nineteenth century, or, more strictly speaking, from the years 1850 to 1897, inclusive, the crops of sugar, coffee, and tobacco were the following:

Article.	Pounds.	Pesos.
Sugar	6,786,697,403	198,070,950
Coffee	985,335,331	163,782,465
Tobacco	232,827,218	20,357,113
Total.....	8,004,859,952	382,210,528

These amounts being reduced to tons and dollars, are:

Article.	Tons.	Dollars.
Sugar	3,893,349	118,842,570
Coffee	492,668	98,269,479
Tobacco	116,413	12,214,268
Total.....	4,002,430	229,326,317

This gives us an average per annum, in pounds and pesos, as follows:

Article.	Pounds.	Pesos.
Sugar	141,389,529	4,126,478
Coffee	20,527,819	3,412,135
Tobacco	4,850,567	424,106
Total.....	166,767,915	7,962,719

This being reduced to tons and dollars, gives the following results:

Article.	Tons.	Dollars.
Sugar	70,695	2,475,887
Coffee	10,264	2,047,281
Tobacco	2,425	254,464
Total.....	83,384	4,477,632

During the four years, 1898, 1899, 1900, 1901, these crops produced the following results:

Year.	Sugar.	Coffee.	Tobacco.
1898.....	Tons. 56,000	Tons. 27,930	Tons. 3,000
1899.....	56,980	6,720	3,370
1900.....	61,500	9,170	3,000
1901.....	95,850	14,500	4,000

This gives us an average per annum as follows:

	Tons.	Value.
Sugar.....	67,582	\$4,520,740
Coffee.....	14,580	2,916,000
Tobacco.....	3,342	367,620

Some of these figures, especially for tobacco, are only approximate estimates.

Recent writers have given coffee the first place among Porto Rican products, but it should be borne in mind that not until the year 1879 did the value of this crop exceed that of sugar, while during the twenty-nine previous years it was of much less importance. During the next ten years the coffee crop exceeded the sugar crop six times; then from 1889 until the hurricane of 1899, it increased very rapidly, reaching its maximum in 1896, with a value more than four times that of sugar. The principal crops raised in the island at present are sugar, coffee, tobacco, and fruits, the three first named composing the great bulk of exports. Since the hurricane of San Ciriaco in 1899, coffee cultivation has suffered serious reverses. Many coffee trees were destroyed by that tempest, which passed over the island from east to west directly through the coffee district. This brings the historical record of agriculture in this island down practically to the present time.

Such is a brief sketch of the origin and progress of tillage, and especially of the three principal products of our island, which now form the mass of our exports. From this review we may see that Porto Rico, during its four centuries of European rule, has never had a free and fair chance to show the world what can be accomplished by its unrivaled soil and climate, under a free government and favorable conditions. That opportunity is now afforded.

Sugar.—Under present conditions it looks as if sugar raising were to regain its place as the principal industry. Of course, when we speak of sugar in connection with Porto Rico reference is had exclusively to the cane product, there being no beet sugar raised on the island. Lands which have long lain fallow are now being planted in cane. It is probable that most of the level land lying near the coasts and along the borders of the larger streams will ere long be devoted entirely to sugar, and that the pastures will be pressed back into the skirts of the mountains and encroach upon the areas of the hillsides, heretofore, and at present, devoted to the cultivation of coffee and tobacco.

New centrals have been erected and the areas of old ones enlarged. The Muscovado plan of manufacturing sugar has been, to a large extent, abandoned for the more advanced and scientific methods pre-

vailing in the United States. Open-kettle molasses, yielded by the old system, is no longer made under the new. The molasses developed by the centrifugal process is inferior in quantity and quality. Nearly all of what was formerly molasses now goes into the distillery and comes out in the shape of rum, which is a much better paying by-product of the sugar plantation than molasses.

Sugar, at the present prices commanded by the article and paid for labor, is a better paying crop than coffee, and sugar lands are rated as the most valuable in the island, not only from the situation and fertility of the lands themselves, but from the larger annual income derived from the product. The output of sugar is steadily increasing. That for the year 1901, amounting to 95,850 tons, shows an increase over the previous year of over 50 per cent, the area planted in the latter year being an increase of more than 10 per cent over that planted the year previous. The estimated output for the present year is 105,000 tons, being a nearer approach to the largest crop ever produced on the island, which was in the year 1879, and amounted to 170,324 tons.

The fact that old-fashioned mills can not grind the present crop makes imperative the substitution of new and modern machinery, and offers tempting opportunities for the establishment of large centrals at various points. Several such propositions are pending, and others are progressing in various stages of development, and the prospect for the early completion of a number of well-equipped factories in localities where the need is greatest is very encouraging. With ample facilities for manufacturing and transporting the product, it would be quite safe to predict for the very near future at least double the present output of sugar.

Heretofore no attempt has been made at refining the sugar upon the island, on account of discriminating tariff duties imposed upon refined sugar, but with the removal of these there is no reason why all sugar might not be exported from Porto Rico in its most perfect state.

For the successful raising of sugar a large capital is necessarily required. It would not be a paying investment to install a central capable of producing less than 5,000 tons annually, and for this a capital of half a million dollars is needed. It is necessary to secure control of the crop to be produced on at least 1,000 acres to guarantee sufficient cane for the consumption of such a mill. The best cane produces, with the use of improved machinery, from 10 to 12 per cent of sugar. This gross product is generally divided equally between the mill owner and the farmer, giving to the small proprietor who brings his crude cane to the mill from 5 to 6 pounds of sugar for every quintal (100 pounds) of cane. This sugar is usually paid for by the owner of the central at from 3½ cents to 4 cents per pound, netting the small proprietor from 17½ to 24 cents per quintal for his raw cane. Pre-

suming that he raises 20 tons to the acre, which is a medium crop, his gross profits would be from \$70 to \$96 per acre. This is a very conservative estimate. Out of this, of course, must come labor, transportation from the field to the mill, and interest on the value of the land, the cost of seed, cane, and incidentals.

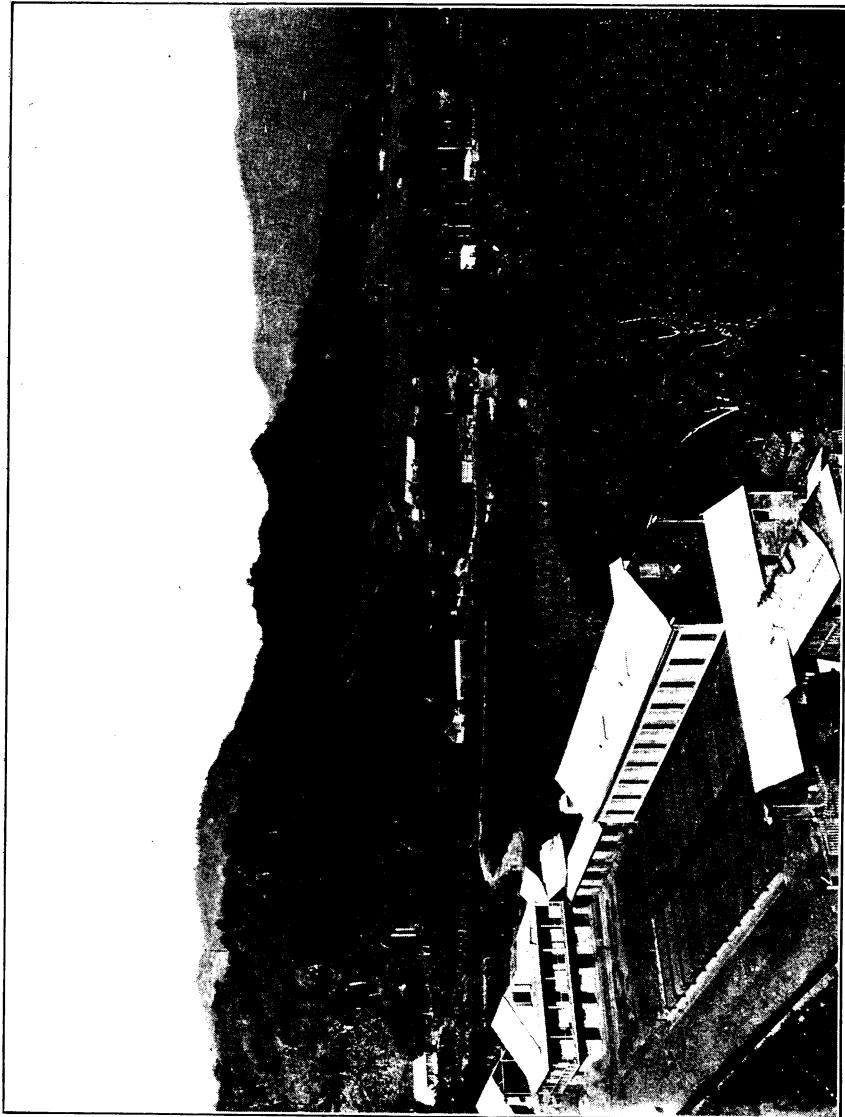
Coffee.—The area of coffee lands planted just prior to the American occupation, was about 180,000 acres, with an annual average yield of 26,380 tons of marketable coffee. The present area, including all groves that have been renovated to any degree of bearing condition since the hurricane of 1899, is estimated at 122,358 acres, of which the annual average yield should amount to 17,925 tons.

The work of clearing the plantations and repairing the injuries inflicted by the tempest progressed slowly at first because of the financial distress of the land owners, reducing the coffee crop for the year 1900 to 9,200 tons; but the planters have been greatly encouraged by the heavy yield on restored plantations during the last year, and it is thought that the crop last harvested amounted to two-thirds of the normal yield. Many groves which have been practically abandoned since the cyclone are now being renovated and completely restored, and even some entirely new groves are being planted, notwithstanding the present low price of the berry. The trees are full of well-formed healthy fruit, and promise an abundant yield this season.

A good grade of coffee land, well cultivated, produces at least 4 quintals of coffee annually per acre, and generally more. Considering the minimum production of 4 quintals per acre, at \$10 each, that being a very low price for the Porto Rican coffee, we have a total of \$40 per acre. A quintal of coffee can be laid down at the seaport for exportation at a total cost of production, plus interior transportation, of \$7. This sum may be multiplied by the 4 quintals which an acre produces, and makes a total expense of \$28 per acre, which, being deducted from the \$40 gross yield, leaves a minimum net gain of \$12 per acre. Four quintals per acre is a low estimate, it being possible to produce from \$80 to \$100 gross revenue from each acre planted in coffee when in full bearing, giving a net profit of from \$48 to \$68 per acre.

It is the general opinion that a person going into the business of cultivating coffee, in order to make it lucrative, should own from 500 to 1,000 acres of suitable land. This, properly administered, will yield a good revenue and secure a permanent income. The tree bears in five years after planting, and is in full bearing at seven, and as a yearly producer can be relied on to last a lifetime. Very little machinery, and that of a most simple description, is required in preparing the berries for shipment and sale.

Few properties in the island are used solely for the cultivation of coffee. This crop is combined with others, such as tobacco, fruits,



COFFEE PLANTATION.

and vegetables. Shade is indispensable to the raising of coffee in Porto Rico, and other fruit-bearing trees can furnish the necessary protection. The opening of the markets of the United States and the construction of roads in the interior of the island have given a great impetus to this as well as other agricultural industries. The coffee has not had the sale it deserves in the American market. Travellers who know its flavor commend its superiority, and in time it will command the best price.

Tobacco.—Perhaps there is no other Porto Rican crop which is increasing in area and production as rapidly as tobacco. One great advantage held by this product is that it is almost entirely manufactured in the island and exported in the shape of cigars and cigarettes, instead of in the raw material. Of course it is much better for any country, especially an island, to send all its exports forth into the world in a finished state. Raw materials should not be allowed to leave the country if it is possible to better their condition by manufacturing them. This is certainly practicable in Porto Rico as far as tobacco, sugar, and coffee are concerned.

Although the southern and central parts of the island are regarded as the best tobacco lands, it is thought that by planting in the proper season the north coast can produce plants of equal quality and in as great abundance.

The only complaint made of Porto Rican tobacco is that not more than one-fifth of the product is suitable for wrappers, and these are claimed to be of an inferior quality. While it may be admitted that it does not possess the decidedly rich flavor and aroma of the best Cuban Vuelta Abaja, these qualities could, under proper treatment, be brought out and great improvements made in the leaf produced. When properly handled from the seed to the factory, there is no doubt that wrappers can be produced here equal in every respect to those of Pinar del Rio or Guanajay. A wide opportunity for improvement in planting, cultivating, curing, and fermenting tobacco exists for our planters, and if they embrace it the results will have a marked effect on the quality of the tobacco leaf, and secure for it a much higher place in all markets.

The area devoted to the production of this crop was considerably reduced in 1899 and 1900 because of the low price then prevailing, but in anticipation of the removal of the tariff laid on imports from this island into the United States, it was largely increased last year, the estimated crop being 4,000 tons. With free trade between the island and the continent there came a heavy and increasing demand from the latter for Porto Rican cigars. Local manufacturers were overwhelmed with orders, and cigar makers of all classes found ready employment. Millions of cigars and cigarettes have been shipped to the States during the last twelve months, and inquiries show that the

demand continues active and urgent. The price of the leaf has also greatly advanced, and naturally the area planted in tobacco has been largely augmented, extending into districts where it was never before grown; the only limit seems to be the supply of seed available and the facilities for transportation. A few thousand pounds of seed of the best La Vulta Abajo variety, distributed to our small planters in pound packages, would show results when the next crop might be harvested.

The extraordinary rainfall occurring during the months of December and January last caused damage to the crop, which in some districts was partially destroyed; but many fields were promptly replanted, and this year's crop of tobacco will probably not fall far short of 100,000 quintals (10,000,000 pounds). At least, it will undoubtedly be the most valuable ever produced in the history of Porto Rico.

Fruits.—The industry of fruit growing has heretofore received very little attention from the farmers. With soil and climate in every way suitable, with hills and valleys lying with every desirable exposure to, and protection from, the sun and the wind, there is nothing to keep the island from becoming the model orchard of America. All tropical fruits flourish here in their wild or native condition; but under cultivation and attention they would soon rival and eventually excel the most favored products. Oranges, grape fruit (frutuvas), lemons, limes, pineapples, bananas, plantains, aguacates (alligator pears), guavas (from which the world-famous jelly is made), cocoanuts, grapes, anones, zapotes, mangoes, breadfruit, and many others, are among the almost endless varieties of fruit which burden the trees in every valley and on every hillside. Such of these as are not in perennial bearing ripen at least a month earlier in the season than the corresponding Florida crop, thus easily commanding the American market.

The cultivation of fruits has of late received quite an impetus and the yield will probably be greater than for many years recently past. But the increasing activity has not yet attained that volume, interest, and confidence that this most promising branch of agriculture merits. Pomology, as a science, is practically unknown. Its value and the inducements held out to the production of fruit for the export trade have never been properly presented to Porto Rican agriculturists. The restrictions formerly laid on marketing have discouraged such pursuits.

Oranges.—The profits from the staple crops of sugar, coffee, and tobacco having heretofore been so satisfactory, the growing of oranges has not been encouraged, but to investors many attractions are presented. During the past two years more than 3,500 acres have been planted in the golden fruit, and the area is constantly increasing. About 70 orange trees are usually set out on an acre of good land.

These at the end of five years will yield at a fair calculation 500 oranges each, making 35,000 oranges to the acre. Properly packed, ready for shipping, they should command at the seaport of San Juan, Ponce, Mayaguez, Arecibo, or Fajardo, \$1 per hundred, aggregating a gross yield of \$350 per acre. Allowing \$100 per acre for labor, transportation, and interest on investment, we have \$250 per acre as the net profits of this very enticing crop. But other crops, such as pineapples, tobacco, and potatoes or yuca, can be grown on the same ground between the trees, increasing the profits of cultivation. Enterprise from the States seems to be enlisted in this pursuit, and although the beginnings are small, the results will, it is confidently believed, be sufficient to set at rest all apprehensions, and give a new impetus to fruit culture throughout the entire island. While the native oranges, from the want of cultivation, lack the smooth skin and bright yellow color of those grown elsewhere, yet their flavor is equal to that of any possible competitor, and shipments to the States are eagerly sought for at good prices. With proper cultivation, the commercial value of this fruit will show its quality to be without a superior. The gold and green of the orange groves will ere many years dot and adorn valleys and hills from San Juan Head to Punta Gorda.

Pineapples.—Enticing possibilities are presented to the intelligent pomologist who turns his attention to this crop in Porto Rico. There are said to be only two enemies to the pineapple plant—the rats and the negritos. On fairly good land, 1,764 plants will thrive upon an acre. These will, when mature, ready for market, weigh 10 or 12 pounds each, though they sometimes reach double that weight. They sell by retail in the local market at from 10 to 25 cents each. So the gross proceeds are placed at \$175 per acre. The cost of cultivation is somewhat greater than in tree fruits, so that the net profits may run along from \$75 to twice that per acre.

Cocoanuts.—The raising of cocoanuts in Porto Rico has not been an extensive business in times past. The American States have afforded the principal market, and the annual supply from our island has been only about 300,000 nuts, worth at the insular ports from \$10 to \$15 per thousand, or in the aggregate about \$3,600. But it can be made a very profitable crop. The trees flourish best near the seashore, on the deep, sandy playas, which are scarcely suitable for any other crops except potatoes and melons. There are generally planted about 80 trees to the acre, and each tree will bear at least 125 nuts annually, which are worth 1 cent each at the orchard gate. So the gross income from an acre of cocoanut trees, yielding about 10,000 nuts, amounts to about \$100. The land, being of the poorest quality, will cost from \$5 to \$15 per acre, the cost of planting from \$20 to \$25 per acre more. It requires about five years from the date of planting to give the full yield. The picking and handling of the nuts will cost about \$1.25 per

thousand; interest on investment, from \$5.25 to \$6.75 additional, making the total annual cost from \$6.30 to \$8, leaving a net profit of at least \$92 per acre.

Bananas.—Bananas are grown on nearly every farm in the island, but so far only for home consumption. The plants, reaching a height of 15 or 20 feet and being of very rapid growth and having enormous leaves, are much used as a shade for coffee. The fruit, being vastly nutritious, supplies the place of bread for many of the laborers in the fields and for the poorer people in the towns and cities.

The flavor of the native banana is fine. The fruit is not so good, however, that it can not be improved by proper care and cultivation. Perfection in the bunches can thus be obtained, and the long-keeping property, added to their superior quality, will soon give them first rank in the markets and create a larger demand.

With lines of rapid steamers plying between here and New York and New Orleans, this crop, as well as all other fruit crops, would soon supply a constant and paying freight to the carrier and bring good returns to the producer. The same could be said of aguacates, nisperos, limes, and nearly every fruit which has been mentioned as an insular product. A three days' run to New York would revolutionize the insular fruit trade.

Melons.—The watermelon, as known to Texas and Georgia for its tremendous size and delightful flavor, is not produced in the Antilles, but it certainly requires no more than proper seed and cultivation to rival those delicious products of the sandy loam of the Southern States. They are grown here, but they are small, and lack the rich red meat and fine flavor of the American article. Muskmelons are much more plentiful and are of a superior quality.

Vegetables.—All classes of vegetables are produced in abundance where sufficient care and industry are devoted to their cultivation. There are some insect enemies to combat, especially the changa, but deep plowing and frequent hoeing would render inroads much less destructive if not entirely harmless. Market gardening in the neighborhood of any of the larger seaports must become a favorite and a very profitable industry.

Cotton.—There is practically no cotton produced in Porto Rico at the present time, or, at least, none for export. It is believed that not a single cotton-gin exists within our borders, though the cotton plant is said to be native to the island. The Indians made use of it before the discovery, in the manufacture of ropes, hammocks, and coarse cloth, and the early Spanish settlers employed it for lamp wicks and other such primitive purposes.

In 1776 it appears that some attention was given to the culture of cotton, and this product ranked seventh in the list of sources of public wealth, the others being, in the order of their importance, rice, maize,



BANANA TREE.

coffee, tobacco, molasses, and sugar. An amount equal to 225 bales of cotton were exported that year. In 1824, 170 bales were produced, and a steady increase of production is recorded up to the year 1837, when the crop reached 10,000 bales. The industry then commenced to decline until 1860, when the civil war in the United States again stimulated its production, until, in the year 1865, 4,000 bales were marketed. After the close of the war it again declined, finally being discontinued on account of the low price of the staple and the better returns available from other crops.

The cotton of Porto Rico has always been of good quality, the plants yield abundantly, and there is plenty of land suitable for its culture. The quality of the product in the districts of Cabo Rojo, San Sebastian, and Utuado is especially excellent, and has always commanded a better price in foreign markets than the Venezuelan article. Almost the entire crop of Porto Rico, when any has been produced, has been shipped to Spain.

Recent experiments have shown that this crop can be grown in all parts of the country, with profits equal to, if not greater, than those afforded by the same industry in the Southern States. It is believed that experienced cotton planters from Louisiana or Texas could use the sea-island seed and with the proper culture produce an abundant crop of good cotton.

Maize.—Indian corn is grown in Porto Rico, and has been from the very earliest times. It once constituted an important item in our exports, but of late years the home market has exhausted the supply.

Rice.—Nearly all of the rice grown in Porto Rico is of the upland variety, but there is no reason why large areas of land which are suitable for the cultivation of this product, and are at present idle, could not be put to such use. One great advantage of this crop would be a constant home market, the consumption, under present conditions, exceeding 70,000,000 pounds each year. If rice should be grown, the home demand would be readily increased to 100,000,000 pounds. It is surprising that farmers have not turned their attention to the production of rice, which, together with codfish and beans, forms the basis of sustenance for the great bulk of the country people. Every inducement should be held out to encourage the cultivation of rice in Porto Rico.

Maguey.—The valuable fiber known as sisal hemp is the product of the maguey, or century plant, called botanically *Agave americana*. Large quantities of it are raised in Mexico and Central America, on land which is practically valueless for other purposes, stony land and lofty hilltops being most suitable for the cultivation of this plant.

It is found in a wild state, scattered along the roadsides and hedges in Porto Rico. The country people utilize it in many crude ways, for the making of hammocks, belts, saddle girths, whiplashes, ropes, and

similar articles. The cultivation of it, however, is not a suitable business for small proprietors, unless their plantations should be in the neighborhood of a large factory, which would cost from \$35,000 to \$50,000, and require a thousand acres of surrounding land, planted with this crop, to maintain it. The cost of the cultivation and extraction of the fiber is said not to exceed \$50 or \$60 per ton. As cheap lands are available for the planting of it, and it is not necessary to replant from year to year, the cultivation here would not be expensive, the transportation to the factory being the largest item. The plant must attain the age of 3 years before a crop can be harvested. The finished product of sisal hemp commands in the markets of the United States about 6 or 7 cents per pound.

The maguey plant, in Mexico, is also devoted to another purpose. From it is extracted a juice, from which pulque, the national drink, is manufactured. Pulque is the fermented sap of the plant, and when distilled it becomes mescal, the most fiery and intoxicating drink which can well be imagined, and the most popular of distilled spirits used in Mexico.

Rubber.—Frequent inquiry is made in the United States as to the adaptability of the soil of Porto Rico for the culture of the rubber tree. In the Lesser Antilles particular attention has been given to this subject within the past few years, owing to the unprofitable investments in other crops. Experiments have shown that this plant, botanically known as *Castillola elastica*, can be successfully grown in Jamaica, Trinidad, and other islands within or bordering on the Caribbean Sea, and it is thought by those whose opinions are entitled to great respect that it can be grown in Porto Rico.

The Para rubber, which is obtained from the forests and thrives only on very wet ground, is probably not suitable for cultivation in Porto Rico, but the Central American rubber, which attains perfection on higher lands, is thought to be quite adaptable to our soil. There have been one or two minor experiments in the planting of rubber trees in the island, all of which have shown satisfactory development.

Stock raising.—Considering the high price of land in Porto Rico, it is surprising that stock raising is practiced to such an extent as is found to be the case from observation and statistics. There are more than a million acres of pasture land devoted to or suitable for the feeding of stock in this island. Of these, more than 100,000 acres are in very fine grass, much of it of the malojilla variety, similar to the guinea grass of Cuba, very productive and highly nutritious.

This industry has never been pressed to its full capacity here. Stock usually bred on farms in the various States of the American Union, such as cattle, horses, mules, donkeys, hogs, goats, and poultry, are found in abundance throughout Porto Rico, and some of them, especially cattle, are exported. The latest exports of cattle reached

annually about 2,300 head, and were made to the Windward Islands, where the prices obtained were from 8 to 10 cents per pound gross, on the hoof. The demand in these islands far exceeds the supply available here.

The cattle at present in the country are of an excellent breed, have been in the island for many years, and their origin is somewhat involved in obscurity. It is said that about sixty years ago a large number of fine cattle were brought to Porto Rico from the Cape Verde Islands or the neighboring coast of Africa, and that from these came the fine animals now to be seen in all the pastures far and near. It is also a local tradition that in the eighteenth century the Earl of Durham took with him to England a number of Porto Rican cows and there bred them to Holstein bulls, thus producing the famous shorthorn Durham breed so much esteemed in England and the United States. It is quite certain that the milch cows, oxen, and beef cattle of Porto Rico will compare favorably with those of any other country on this side of the Atlantic.

There is here a hardy race of small, agile horses, which are unexcelled in gait and very thrifty. The amount of work which they can accomplish is truly wonderful. They are excellent saddle horses, and work well also in harness. They have been spoken of as well adapted for use as polo ponies on account of their intelligence, activity, strength, and fleetness. They are docile and possess remarkable endurance. They are great favorites with the natives, who consider them very superior to the large American horses imported here since the annexation. The same may be said of the little creole mules, although many mules are imported from the United States. The use of donkeys as pack beasts would seem to be peculiarly adapted to the mountainous regions along the central chain throughout the island, but they are, for some reason or other, not very widely used. If these animals could be imported from Mexico or Texas they would doubtless find ready sale.

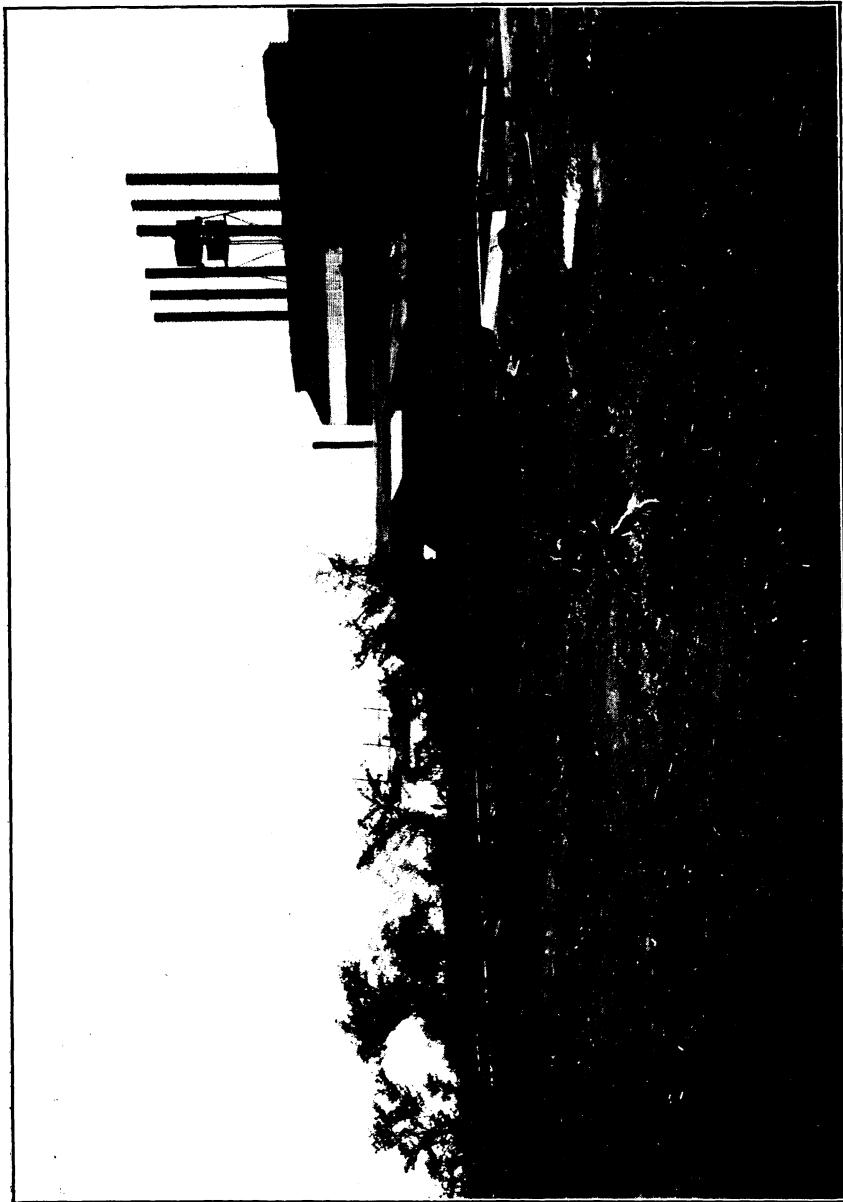
Cultivation.—Notwithstanding the fertility of the Porto Rican soil, or perhaps on account of it, the methods of cultivation in use here under the Spanish domination were the crudest and most primitive. The wooden plow with the iron point, drawn by oxen, turned, but failed to pulverize, the soil. Modern agricultural implements and improved farm machinery, since the advent of the Americans, have been slowly finding their way into the rural districts. Following the introduction of the sugar centrals and the cane tramways will come the sulky plow and the mowing machine. Improved methods must replace antiquated processes, and the farmer must eventually realize and reap the benefits of improved agricultural machinery. In this way the cost of production will be diminished more than one-half and the crop increased in quantity and quality at least 50 per cent. The

limited area of the island and the dense population render intense cultivation by the latest improved methods an absolute necessity, if our people are to continue to be prosperous and happy tillers of the soil and able to compete with the most successful agriculturists.

Soil.—From the mountain peaks to the sea the land appears to be adapted to the growth of some sort of vegetation. Sunshine and moisture upon the soil of Porto Rico seem to have accomplished their perfect work. Cultivation begins at the seashore and climbs the crest of the hills far up the skirts of the mountains, encroaching on the timber belt all along the central cordillera from Mount Yunque to Cabo Rojo. Near the ocean, as it is to be expected, the soil is quite sandy, becoming loamy as it extends inland, and gradually changing from a sandy loam to a clay loam on approaching and ascending the lower hills near the coast. Now and then a tract of gravelly texture is encountered, but even this is adapted to certain crops. Along the streams the deeper soil is found, as usual near the water course, and the deep rich alluvion gradually diminishes and merges into the clay loam of the hills, extending from their skirts to their summits. The ferruginous clay of the mountains readily disintegrates on exposure to the atmosphere and becomes the source of an abundant supply of plant food.

Agricultural lands.—According to the ideas of most Americans lands are priced at high rates. The best sugar lands are valued at \$150 per acre; lands suitable for the cultivation of tobacco of good quality are worth from \$60 to \$75 per acre; fruit lands from \$40 to \$50 per acre; pasture lands from \$15 to \$20 per acre; and hill lands, suitable for the cultivation of coffee, from \$10 to \$15 per acre. Lands along the sandy seashores, which are only used for the cultivation of cocoanuts, can be purchased at from \$5 to \$10 per acre. One can scarcely buy an acre of land in Porto Rico of any description for less than \$5 per acre. Of course these prices are only average estimates, and must be varied according to the situation of the land and its inherent virtues or defects. The small area of the island and the dense population necessarily increase the price demanded for land. Landed proprietors realize that the supply is limited, and fix the price at "all the traffic will bear."

Investments.—Agriculture and stock raising in Porto Rico would seem to offer an inviting field for investment to Americans of limited capital. A few persons are coming to the island from the continent investing small amounts of money in fruit growing lands; but there is no reason why the number should not be multiplied by tens or hundreds. Nearly everyone who has made such an investment is well satisfied with the results; some are rapidly extending the area to be devoted to fruits, especially to oranges and pineapples, which seem the favorites with Americans,



CENTRAL AGUIRRE PLANTATION.

The construction of centrals for the production of sugar and factories for the making of cigars and cigarettes requires larger capital, and must be considered from a different standpoint by a totally different class of investors. But none of these investments, great or small, whether made by great corporations or individuals of small means, can be regarded as hazardous or unremunerative if made with usual care and caution.

GUANO.

Throughout Porto Rico, as well as its adjacent isles, may be found caves containing guano deposits of more or less value. Probably the best known of these is on Caja de Muertos, or Dead Man's Chest, as it is called. Here are many caves containing an earth-like phosphate which has been shipped in considerable quantity to Hamburg. It is estimated that there are not less than 140,000 tons available.

On Mona Island, off the coast of Mayaguez, it has been estimated that 460,000 tons of guano and phosphates are contained in the twenty-two caves explored by Mr. Davoine in 1887, and that more might be found in unexplored caves. The concession to work these mines was granted in 1877 to a Porto Rican firm, who subleased it to a German concern. Owing to the difficulty of loading vessels and lighters, work was abandoned five years ago, not more than 50,000 tons having been extracted. So dangerous is the coast that it is said that many vessels and lighters have been wrecked while attempting to load.

In the main island there is a phosphate mine by the name of "Trabajo" in Isabela. It comprises eleven caves and contains phosphates and guanos, which have never been fully exploited. The product has been analyzed and the estimated value of the same fixed at \$6.26 per ton, the product of Caja de Muertos having about the same value.

In San German and Cabo Rojo there are four phosphate deposits said to be of considerable value, the "Rosario" furnishing guano of very good quality.

These guano deposits are not classed in value with those of Peru, but a good quality for local consumption may be obtained at little cost. Throughout the island caves containing bat guano or soft phosphates may be found.

MINERALS.

Gold placers were worked for some years by the Spaniards in the first century of the conquest, and, according to official statistics, 2,700 pounds of gold were sent to Spain from the year 1509 to the year 1536. It is believed that that figure only represents the part belonging to the Crown of Spain—that is to say, the fifth of the total production during that period of time.

The "Sierra de Luquillo," the more abrupt and the highest of all the mountains in Porto Rico, belongs to the main "cordillera," or chain,

which cuts the island from east to west, with a prolongation to the Windward Islands, by the east, and to the little island of Desecheo, situated opposite to Mayaguez and Añasco, by the west. That mountain, or "sierra," is in the northeastern part of the island, and owing to its situation and the elevation of its hills—the highest being "El Yunque," 1,200 meters [3924 feet] above sea level—is the first vessels can distinguish in coming to Porto Rico. From El Yunque and the hills named Cuchilla Firme, Meseta, Peña Parada, and others, various rivers flow in which gold has been found. The Mameyes, one of the richer in gold, has as tributaries the rivulets known as Filipina, Cajones, Guaraguao, La Mina, La Máquina, Tabonuco, and Anon. In this last named, the Anon, some thirty-eight years ago, a rich concern did some work in the washing of sands or auriferous alluvia, obtaining from 1 to 2 pounds of fine gold per day. The rocks more abundantly found in the watershed of Mameyes River are eurite and porphyry, crossed with veins of quartz and iron pyrites. The alluvial lands occupy a good extension of the middle and lower parts of these watersheds, and are composed of clay, sand, and bowlders, forming deposits of analogous nature. Their depth is variable. In the valley of the Anon there are some cuts, from six to eight meters (19 to 26 feet) deep, made in such alluvial deposits with the view of exploiting the auriferous strata.

It is known that the watershed of the rivers Corozal, Negros, Congos, Cibuco, Mavilla, and Manatí contain auriferous sands. The idea which occurs to one examining the vicinity of Corozal is that that valley was emptied, through a process of erosion, by the diluvial waters, which produced in the calcareous soil cuts more than 130 meters deep, through which ran a stream. It is believed that the waters of that stream deposited the quaternary alluvia. The calcareous soil, said to be of the Tertiary formation, occupies the right shore of the river and extends itself by the north toward the sea. On the left shore, and in the bed of the river, the limestone has disappeared, giving place to potent strata of sandstone, on which the auriferous quaternary alluvia lay. The alluvial deposits are more potent the lower they are, and gold is found very near the surface in the higher and hilly parts, while on the contrary, in the great deposits of the lower parts of the valley, the auriferous strata are covered by sterile masses. Near the source of the Congos River, in the bed of it, and 25 centimeters (9.8 inches) deep, some pieces of quartz have been found containing from 8 to 10 grams of pure gold. In the jurisdiction of Corozal some washing machinery was established, and the result was from \$2.17 to \$4.30 for each ton of sand.

There are also, according to official information, some gold placers in Mayaguez, San German, Yauco, and Coamo. The gold is found in grains or nuggets of \$2 or \$3 value, and, rarely, nuggets of even

higher value. In the Fajardo River a piece was found which weighed 4 ounces, and in the Congos another piece of 1 pound was also found; but the biggest piece of pure native gold was discovered in the lands belonging to Mr. Bou, in the jurisdiction of Corozal. That piece was sold to Mr. Bou by the finder for \$200 in money and some other valuable things. In the bed of the Filipina rivulet there were obtained from 60 kilograms of sand six-tenths of a gram of pure gold, which makes 10 grams for 1 ton of sand. The enterprises mentioned were abandoned, and the only work on the mines was done by the "lavadores," washmen. They use an instrument called "gaveta," made of wood, shaped like a plate, of 40 centimeters in diameter and 12 centimeters deep. In the watersheds of Mameyes River and in all the rivers crossing the jurisdiction of Corozal numbers of peasants can be seen engaged in the work of washing auriferous sand, from which they obtain gold in amount sufficient to pay for their support.

Since the American occupation work on the mines has had renewed life, and the number of applications for mining concessions filed in the Bureau of Agriculture and Mines has increased. Up to July concessions have been granted for 107 hectares (264 acres) of land.

The minerals of copper obtained are: Ferriferous motley copper, native copper, green and blue carbonates, yellow copper sulphide, often accompanied with iron pyrites and iron oxides. Spanish explorers of the island paid little or no attention to copper. It is generally found along the main chain of mountains dividing the island from east to west, from the neighboring island of Vieques, and then following through Rio Blanco, Gurabo, Corozal, Ciales, Jayuya, Maricao, and some other places which belong to the southern chain of mountains, such as Las Piedras, Humacao, Ponce, Piñalejo, and also in the vicinity of the road from Caguas to San Juan, the richest place being the barrio of Rio Blanco, in the municipality of Naguabo. The first works for the exploitation of copper began in 1869. In the mine named "La Abundancia" some small excavations were made, and the superficial carbonate was gathered, and many tons of rich mineral were thus obtained. Like results were reached in the mines named Santa Amalia, La Castellana, and Santa Teresa, all located in the barrio of Rio Blanco. In the last-named mine copper indications were noted from the surface to a depth of 25 meters, first as green carbonate with 23 per cent of copper, then as ferriferous motley copper, and, in some parts, yellow sulphide, very pure. In 1879, 10 tons of copper sulphide were obtained from the mine Santa Teresa, and 60 tons of carbonate of copper from the Santa Amalia. Owing to the difficulties and high prices of transportation, work ceased.

The existence of silver in the island has been officially recognized. On July 19, 1538, the "oficiales reales" wrote to the King of Spain that "veins of lead containing some silver have been found," and on

March 29 of the following year they wrote, "with respect to the silver mines here discovered we arranged that that mineral be fused here, but there is no person who knows how to do it. In some places, veins of that metal have been found, but nothing has been done, waiting the arrival of some one who knows how to fuse and work it." In the History of Porto Rico, by Fray Iñigo Abad, with notes by Don José Julian Acosta, the statement is made that in the "Serranía de Añasco" there was a mine containing silver; and, in a report prepared in 1879 by the chief engineer of the bureau of mines, reference is made to certain samples of silver found in the barrio Llamos, of the municipality of Isabela. In other official documents the existence of silver in the northwestern part of the island is affirmed. Concessions have been made of silver mines in Naguabo, Corozal, Rio Grande, Fajardo, Lajas, and Las Piedras.

In the subsoil of the eastern part of the island there is feldspathic rock. This section is confined on the north by the Sierra de Luquillo, and on the south by the Pandura, parallel ranges of hills, and distant one from the other from 25 to 30 kilometers (15 to 18 miles). It is stated that the surface lodes occupy a large area, the depth not having been determined as yet. Iron is found, according to tests made, at the rate of 61 per cent of the mineral. Iron of excellent quality has been found in the barrios Mameyes and Jayuya, municipality of Utuado, and in Luquillo, Piedras, Naguabo, Humacao, Gurabo, Patillas, San Lorenzo, and Arroyo. The concessions of iron mines are numerous. Some efforts are being made now with the view of organizing enterprises for the exploitation of iron in the eastern part of the island.

There are in the island, according to official information, some deposits of lead minerals. Good samples of galena have been found in Arroyo, Mayaguez and Naranjito. There are two concessions granted in the municipality of Guayama, one being for the exploitation of lead and the other for argentiferous galena. Minerals containing some amount of peroxide of manganese have been gathered in the vicinity of Corozal. Native bismuth has been discovered in Ponce. Samples of platinum, tin, and mercury have been obtained in the jurisdiction of Corozal.

COMMERCE AND MANUFACTURES.

The value of exports and imports shows material increase during the fiscal year just closed. Porto Rico imported from the United States from July 1, 1901, to July 1, 1902, merchandise of the value of \$10,719,444, made up principally as follows:

Cotton manufactures.....	\$2,060,826
Breadstuffs.....	1,090,079
Iron and steel manufactures.....	1,171,136
Provisions	1,336,646
Rice.....	1,803,065

Wood manufactures	\$560,081
Fish	300,703
Leather, manufactures of	234,331
Vegetables	231,450
Mineral oils	144,512
Paper, manufactures of	110,222
Cars, carriages, etc	132,002
Chemicals, drugs, dyes, and medicines	135,896
Malt liquors	118,450
Tobacco, and manufactures of	98,191

From foreign countries the total value of importations was \$2,429,004, principally as follows:

Bags for sugar and coffee	\$83,993
Codfish	424,953
Machinery	69,504
Olive oil	70,395
Meat, prepared	158,046
Rice	90,812
Soap	133,962
Garlic	35,134
Onions	37,685
Potatoes	49,069
Still wine	50,489
Sawed lumber	44,916

The exports from the island to the United States were valued at \$8,297,420, made up principally as follows:

Sugar	\$5,890,087
Coffee	29,188
Tobacco	112,289
Cigars and cigarettes	1,570,938
Oranges	51,364
Straw hats	204,555
Molasses	322,636
Hides and skins	67,888

Exports to foreign countries were valued at \$4,592,505, consisting of the following principal items:

Coffee	\$3,168,662
Tobacco (less \$22,387)	81,242
Cattle (including horses, mules, and sheep)	418,268
Molasses	256,461
Hides and skins	13,656

These figures disclose an increase in the value of foreign exportations, as appears by the following statements of exports during 1900-1901:

Exports to foreign countries:

Coffee	\$1,674,460
Tobacco	254,516
Cattle (including horses, mules, and sheep)	576,671
Molasses	341,747
Hides and skins	42,566

Exports to the United States:

Sugar	\$4,695,104
Coffee	4,305
Tobacco	121,011
Cigars and cigarettes	296,901
Oranges	84,388
Straw hats	38,197
Molasses	254,155
Hides and skins	38,976

The official statistics taken from The Trade of Porto Rico, issued by the United States Department of Agriculture in 1898, give the averages of exports and imports for the ten years prior to the year 1896. The average annual shipment of sugar amounted to 121,035,000 pounds, worth \$3,484,000. The average annual shipment of molasses amounted to \$481,000, making the average aggregate value of the sugar and molasses shipped annually amount to \$3,965,000. The average annual shipment of coffee from 1892 to 1896 was 49,229,000 pounds, worth \$10,872,000. Leaf tobacco for the same period amounted to 3,534,000 pounds, worth \$642,000. The number of cattle shipped during the year 1896 numbered 3,074 head, valued at \$141,816; horses 52, valued at \$1,004. Maize, hides, fruits, nuts, and distilled spirits were also exported in quantities not reaching nearly so large aggregate values.

The annual importation of rice during the year 1896 was 35,384 tons, valued at \$2,168,201, being about 70 pounds for every man, woman, and child in the island, costing \$2.16 to each person upon an average. Most of this rice formerly came from the East Indies, Germany, and Spain, though now large quantities are being brought from Louisiana and Texas.

Flour is not made in this island, the climatic conditions not being favorable for the growing of wheat. The importation during the year 1896 was 173,078 pounds, worth \$905,547. By far the greater part of the flour used is brought from the United States, which supplies this island, together with the rest of the world. It is an interesting fact to observe that while the average Porto Rican formerly consumed about 70 pounds of rice annually, he only ate about 34 pounds of wheat bread. In fact, many families in the country make the native banana do the duty of both; and when properly prepared this abundant and savory fruit is very nourishing and wholesome. During the last year the consumption of flour and rice was nearly equalized, at 44 pounds per capita annually.

Hog products, under which denomination are included lard, hams, pork, and bacon, are also imported almost entirely from the United States, and during the year 1896 amounted to 10,322,046 pounds, valued at \$1,355,441. So it is easily seen that our islanders consume these articles very sparingly, on account of the tropical climate.

Internal trade has kept up with external. Merchants report business



GUANICA COMPANY'S PLANTATION.

as better and sales as increased. The movement of freight has helped local transportation companies, whether railroad, water, or cattle.

It would materially help commerce to dredge the principal harbors of San Juan, Ponce, and Mayaguez, so that larger steamers could enter. Memorials to Congress praying for appropriations for this work have been forwarded but have not availed as yet. During the last fiscal year 222 American and 295 foreign ships entered the harbors. It is reliably said that the work of dredging the harbor of San Juan would not be difficult, but at Ponce a breakwater would be necessary, which would be a somewhat larger undertaking. It is very much to be regretted, too, that our battle ships can not come into the ports, but, until some dredging is done, the space for turning at San Juan is too small.

Another feature inseparably allied with the commercial interests of the island is the necessity for guarding the interests of the planters in reciprocal treaties with foreign countries. At present the coffee of Porto Rico is favored by France, but has no advantage in Cuba or other foreign ports. As long as coffee growers in Porto Rico must look to Europe to buy their product they may consistently ask that they receive a generous measure of reciprocal consideration.

The manufacturing industries of Porto Rico are confined principally to sugar, tobacco, rum, and straw hats. The sugar central mills usually grind the cane of the mill owners, who are often planters, and of neighborhood planters besides. Contracts are made by the central factory lasting several years. The two largest sugar mills are the Central Aguirre, near Guayama, and the Guanica Company's plant, at Guanica. Both these establishments are controlled by American capital, and have been erected within the past two years. The central sugar mill offers extraordinary profits to investors. There is need for more in the island, as the capacity of the mills has been inadequate to grind this year's sugar crop.

There seems to be opportunity in Porto Rico for a canning and preserving establishment. Tropical preserves (including the well-known guava jelly sold in all first-class groceries in the United States), could be manufactured in Porto Rico under the most favorable conditions. Cuba, as well as the other islands of the West Indies and tropical America, annually exports to the United States a considerable quantity of preserves; indeed, in Habana a very good industry has been built up. The inhabitants of Porto Rico have thus far, however, not engaged to any extent in their manufacture for exportation. As a sugar producing island, Porto Rico can successfully meet competition in the cost of sugar for the making of preserves, but the greatest advantage lies in the exemption from the Dingley tariff, whereby foreign manufacturers have to pay a duty of 1 cent per pound and an additional tariff of 35 per cent ad valorem upon all jellies imported into the United States.

The guava jelly and marmalade industries, owing to the demand, necessarily take first place.

Manufactures in minor articles will duly come to fill the local wants, but primarily greater attention will be given to the industries directly essential to agricultural production.

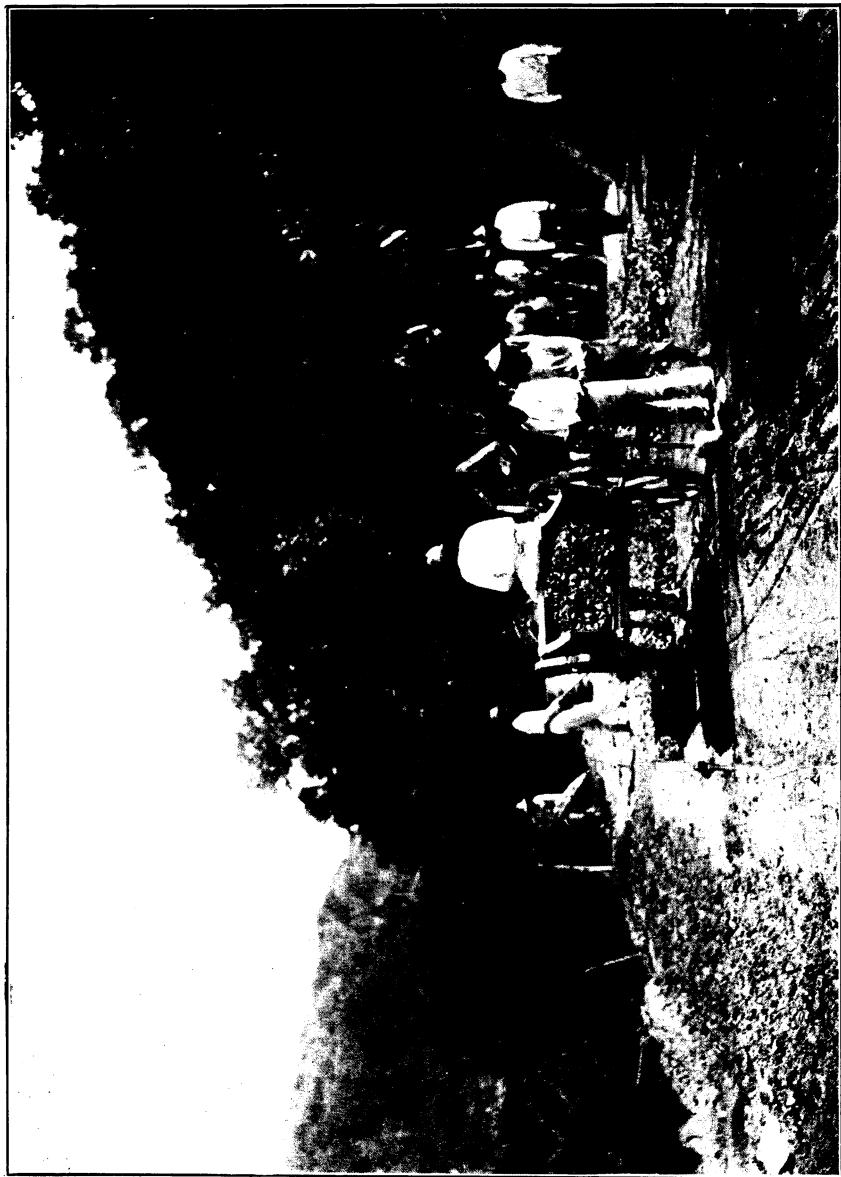
ROADS AND TELEGRAPH.

When the United States acquired Porto Rico there were only 284 kilometers (177½ miles) of roads within the island. This statement, appearing in the report of the commissioner of the interior, of itself demonstrates the backwardness in development. It is impossible to develop a new agricultural country without giving farmers adequate means for transporting their products to markets. The essential need of roads has, therefore, always been recognized, and Commissioner Elliott, with creditable perseverance and system, has worked laboriously and most intelligently to carry out a plan by which road communication from the interior to the sea can be had. The result is that under American control 140 additional kilometers (87½ miles) of road have been completed; that is to say, within four years we have built more than half as many miles of road as the Spaniards did in nearly four hundred years, and the work is going on with unusual energy. We are building mountain roads, connecting the sea with important interior towns, old highways are being made new, surveys are being carried on, and systematic progress is evident.

A recapitulation shows:

	Length in—	
	Kilome- ters.	Miles.
Roads in maintenance.....	424	263
New roads in construction.....	35.21	21.8
Roads commenced before the present fiscal year and now being finished.....	70.5	43.7
Reconstruction and repair of old roads in progress.....	89.20	55.3
Lines surveyed for proposed roads.....	259	160.5

This road work, wherever permanent new construction goes on, has been done from allotment made from the \$2,000,000 refund made by Congress for the benefit of Porto Rico, referred to in comments upon the auditor's office and report. It is expected that within three years the island will have a complete system of principal highways. Then, with better municipal conditions, local or municipal highways can be built, lateral roads which will be short and comparatively inexpensive. The roads now being built are expensive. All tropical road work is costly, owing to climatic rainfall, and in Porto Rico, to mountains. It has cost about \$8,000 per kilometer (6/10th of a mile) to build roads. The island, out of its own current treasury receipts, maintains all roads. During the fiscal year closed we spent \$256,000 for maintenance and



PLACING MACADAM, ARECIBO-PONCE ROAD.

repair, 53 per cent of which was for labor and 47 per cent for material. The commissioner of the interior believes the material will cost less hereafter.

The island has been divided into seven road districts by recent legislative act. Each district is organized as a body corporate and the government thereof vested in a board of road supervisors; and it is provided that not less than 25 per cent of all taxes collected on real property within the rural portion of every municipality shall be set aside as a special road fund to be expended by the board of road supervisors exclusively upon the construction and maintenance of local roads within the district.

Telegraph.—Porto Rico affords an interesting object lesson of governmental ownership of a telegraph system. The insular government received the lines from the War Department in February, 1901. The commissioner of the interior gives a detailed report of its management, which shows excellent results. The number of offices on February 1, 1901, was 10; on July 1, 1902, 32. Receipts are increasing, the average, for example, having been \$2,101.67 per month between January and May, 1902, as against an average of \$1,895.03 for the same period the year previous. It is thought the number of offices will grow to 40 in the coming year, and that the system will be self-sustaining when the value of free or government messages is considered.

RAILROADS.

Commerce is springing up too rapidly to allow the bull cart to remain as the means of transportation throughout Porto Rico. Tropical produce must be had in the mainland, and the island is in the most favored position to send it there when facilities are furnished to carry it to the sea. Roads and railroads are indispensable in the development of this or any other primitive country. So thoroughly has this been recognized in the Tropics, that aids or guaranties to the private capital have often been made by crown or colonial governments. Under the Spanish dominion, governmental guaranties were given in Porto Rico. In Jamaica, the government holds mortgages, and in Trinidad and Mauritius, the government owns the railroads. The history of steam railroads in the West Indies is not very encouraging. Construction, operating expenses, and cost of maintenance have reduced interest on the investments to the minimum or run the companies into debt. Porto Rico, however, with the superior advantage of trade prices and commercial outlook, stands in a more favorable position. Electric roads will be built, and it has been suggested that from a single central point in the island sufficient water power can be had to run electric railroads from all the mountain districts to the sea, with no road of greater length than 50 miles. It is certain that with the better wage paid now than heretofore, passenger travel will increase,

while the yield of fruit, coffee, and tobacco will be increasing in the interior each year.

The American Railroad Company of Porto Rico is the principal one in the island. This was formerly known as the French Railroad Company, and was a corporation organized originally in 1888, under the crown of Spain. It is now operating 211 kilometers (131 miles) of narrow-gauge railroad, all constructed prior to 1898. Under the original concession granted by the Kingdom of Spain, there was a guaranty of 8 per cent on the cost of construction on a fixed price, the guaranty to be paid by the government of Porto Rico. The road lost money, and after American occupation no guarantees were paid to it. After civil government was inaugurated, the company sought to have its original franchise approved, but the executive council declined to grant any subsidy or to guarantee any interest to the company. Thereafter, the company sought a franchise, and obtained one exempting the road from taxation for twenty-five years, and granting to it certain privileges for the construction of lateral lines, and leasing to the company a certain tract of land within the city of San Juan for terminal and commercial purposes. This franchise was approved by the governor of the island, but the Attorney-General of the United States rendered an opinion to the effect that the executive council had no power to exempt the railroad company from taxation in the manner enacted, and President McKinley did not approve of the ordinance. At the session of the legislative assembly held in 1902 the company secured a legislative act exempting its property from taxation for twenty-five years, and sought a new franchise, obviating the difficulty that had been presented in the first. The latter franchise was approved by the President, as is required by law. The company thereafter reorganized under the name of the American Railroad Company of Porto Rico, with a capitalization of \$1,000,000, and is already at work carrying out the projected plan of a belt railroad around the island. There is decided improvement in the earnings of this narrow-gauge railroad, as the following table shows:

Year.	Passengers carried.	Freight.	
		Tonnage.	Receipts.
1898.....	.....	47,846	\$73,194
1899.....	125,027	45,857	72,293
1900.....	153,056	44,106	90,765
1901.....	149,697	76,912	104,694

The total freight receipts advanced from \$73,194 in 1898 to \$104,694 in 1901. The gross receipts amounted in this last year to \$197,000, while the operating expenses amounted to \$170,000.

From Cataño, a little town opposite San Juan, there is a narrow-gauge railway of 6 miles in length to Bayamon. This road is owned

by persons who have the ferry privilege between Cataño and San Juan, and is said to be profitable. The company owns two ferry boats, and in 1901 the gross receipts of the railroad and the ferry were \$30,518; operating expenses, \$24,602; 9,088 tons of freight were carried and 252,772 passengers.

The Port America Railroad Company, a corporation organized under the laws of New Jersey, capitalized at \$250,000, has a franchise for building and operating a railroad to Jobos Harbor. The company has just commenced to perform some little work, and by the terms of its franchise 50 miles of railroad must be constructed within one year after the commencement of work.

There is a short railroad of 17 kilometers (10.5 miles) in length between Mayaguez and Añasco, owned by residents of that vicinity. This road is said to have cost 600,000 pesos, but since the hurricane it has been considerably disabled, and the owners state that it does not pay its operating expenses.

There are two electric trolley roads in the island; one at Ponce, from the harbor to the city, and another at San Juan, from the city to a suburb called Rio Piedras. The capitalization of the Ponce Electric Railroad is \$50,000, and that of the San Juan road \$300,000. It is said that both are paying good interest on the investments.

EDUCATION.

During the past year the work of the schools so well begun under Dr. Brumbaugh has gone forward with steady improvement under the continued excellent management of Dr. Lindsay. A comparison with the year before shows that a substantial increase has been made all along the line, that in number of schools being 19.5 per cent, in the number of pupils 23.2 per cent, and in the number of teachers 14 per cent. These rates are taken February 21, 1902, the last day at which accurate statistics are obtainable. At that time there were open throughout the island 876 schools, at which were enrolled 41,642 pupils under the direction of 934 teachers.

Although Spain has been repeatedly attacked for her policy of keeping the humbler people in a state of illiteracy, seldom has any reliable data been used to show the justness of the criticism. It will be found interesting, therefore, to examine the following comparative statement of the number of schools open in each municipality ten months prior to American occupation and three and one-fourth years thereafter. It shows the result of four hundred years of one rule as compared with a little over three years of the other.

Municipalities.	Public schools.		Municipalities.	Public schools.	
	Open Dec. 31, 1897.	Open Feb. 21, 1902.		Open Dec. 31, 1897.	Open Feb. 21, 1902.
Adjuntas	6	13	Loiza	7	9
Aguada	7	11	Manati	13	18
Aguadilla	8	21	Maricao	4	7
Aguas Buenas	5	6	Manabufo	4	4
Albonito	6	12	Mayaguez	37	42
Añasco	7	13	Moca	6	8
Arecibo	11	33	Morovis	7	7
Arroyo	3	7	Naguabo	5	10
Barranquitas	4	10	Naranjito	5	12
Barros	5	16	Patillas	6	9
Bayamon	10	30	Pefuelas	8	8
Cabo Rojo	7	17	Ponce	42	52
Caguas	9	21	Quebradillas	4	10
Camuy	5	10	Rincon	5	6
Carolina	6	15	Rio Grande	10	14
Cayey	8	14	Rio Piedras	5	14
Ciales	7	17	Sabana Grande	5	13
Cidra	5	8	Salinas	3	6
Coamo	9	22	San German	12	22
Comerio	7	13	San Juan	19	41
Corozal	5	14	San Sebastian	8	14
Dorado	4	6	Santa Isabel	6	6
Fajardo	15	21	Toa Alta	4	7
Guayama	9	13	Toa Baja	4	8
Guayanilla	5	9	Trujillo Alto	4	8
Gurabo	5	7	Utuado	9	20
Hatillo	6	12	Vega Alta	5	7
San Lorenzo	5	9	Vega Baja	8	11
Humacao	14	20	Yabucoa	7	9
Isabela	8	14	Yauco	15	25
Juana Diaz	13	17	Vieques	6	9
Juncos	6	11	Culebra Island	1	2
Lejas	6	9	Total	538	939
Lares	10	15			
Las Marias	8	9			

This table shows that in 63 municipalities (all except four) we have made a substantial increase in the number of schools, while in those four the number of schools is the same as under Spanish rule. The total increase is over 80 per cent. Even then, we must give due weight to the fact that the schools in former times were not, as now, entirely free, those pupils who were able having been required to pay tuition. Yet another very important point must be considered in making a comparison, namely, that of method, and here is found such a disparity between Spaniard and American that one is justified, when confronted with the percentage of illiterates (79 per cent by the census of 1899, of those more than 10 years old), in concluding that the method of the former was not one of enlightenment or progress. The commissioner of education, in his report, says, "The work done under the Spanish school system is scarcely worthy of being called a school." It is true, there was a teacher for each school, but he often hired a substitute, not because better fitted for the work in hand, but that the tedium of mental exertion might be shifted from himself to another; or he sometimes appointed one of his older and brighter pupils to conduct the exercises, pretending to keep a general direction over the one or the other, although absent at times from the district for extended periods.

There were four classes of schools under Spanish control: Rural,

auxiliary, elementary, and superior, in which the subjects taught varied from the most elementary in the rural to elements of geometry, surveying, lineal drawing, physics, and natural history in the superior. Each teacher ran his school to his own liking, there being no grading. Lessons consisted of questions and answers, which were learned by heart out of school hours. Such a thing as an object lesson was unknown, and development of individual thought ignored. Although there was a school board, no member except the alcalde and the parish priest visited the schools. As for central control, there were two supervisors for the entire island, whose duty it was to visit each school in their district once a year. With this general outline of the work of education, the general neglect of educational affairs may be understood.

On July 1, 1902, we have a normal school for the training of teachers, 1 high school at San Juan, and 874 primary, secondary, and grammar schools. Twenty frame rural and 14 substantial graded-school buildings have been recently erected. Over these have been placed, besides the local boards, 1 general field supervisor, 16 supervisors, and 3 assistants, who must inspect each school in their respective districts as frequently as possible, and keep in close touch with the teachers by correspondence. The department is constantly in communication with the supervisors, answering questions and suggesting improvements. The schools have been supplied, as thoroughly as funds will allow, with modern school furniture, at a cost of \$35,000; while for text-books and supplies, over \$30,000 has been expended this year. Of the text-books, about two-thirds are in the Spanish language, although, whenever reasonably possible, the pupils are made to use the English text.

The Porto Ricans predominate among the teachers, as out of 960 in the employ of the department 87½ per cent, or 837, are natives. The American teachers who came to the island in an adventurous spirit or because rejected in the States have as far as possible been dispensed with. American teachers complain of the low salaries paid, considering the cost of transportation to and from New York and the high living expenses. Few remain more than two years; hence the island loses the benefit which a knowledge of the language and local conditions gives. However, from the large number of applications on file in the department there is no lack of material to fill vacancies. The Porto Rican teachers are working assiduously to fulfill their duty and to learn the English language; occurrences of willful neglect are rare. Another side is being carefully watched, that of moral influence of a teacher, and when it is found that this influence is not such as to command respect or to be of good example to the pupils the person is discharged without delay.

At the end of February out of the 876 schools open 490 were rural schools, taught with few exceptions by Porto Ricans. These schools are not graded, but the pupils are divided into classes and a regular

programme is followed, under which much improvement has been made.

The agricultural rural school was organized on the same general principles as the rural school, with at least an acre of land on which practical lessons in agriculture may be conducted. These schools have not proved the success that was hoped for, owing to the difficulty of obtaining the services of competent teachers, and in some instances the field work has been discontinued. The department has had an experienced agriculturist visit these schools and report on the conditions and suggest a plan which might be more productive of results. His report will be found appended to that of the commissioner of education. This summer a course will begin at the normal school for the teachers of these schools, and next year, where the interest warrants it, rural agricultural schools will be continued.

In the graded schools, which number 345, attention is given to teaching the pupils English. Commendable progress is being made, so that when a boy or a girl has finished his education, he may be equipped with the knowledge of a language which will be invaluable to him. To accommodate those who will graduate from the graded schools, the educational department is planning, in addition to the San Juan High School, high schools at Ponce and Fajardo. If it is found proper, these two will be conducted on the same lines as the high school at San Juan, namely, parallel courses in English and Spanish. The project is ample to give instruction to those far enough advanced.

Very good results have been accomplished in the so-called special schools, that is, night schools and kindergartens. Both have been largely attended, and the pupils and parents have shown their interest by the large percentage of attendance of those enrolled. Still another class of special school has but lately been inaugurated, and the success which has attended its short history is most encouraging.

At its last session the legislature enacted a law providing for the establishment of a school of trained nurses. Of such an institution there was and will continue to be much need, for it has been found well-nigh impossible to have proper nursing for the sick, except such as an untrained woman may instinctively be able to give. Twelve pupils are pursuing the course here in San Juan, and it is hoped that the other two schools may shortly be opened in Ponce and Mayaguez.

Another important provision made by the legislature this past winter was that authorizing the establishment of three industrial schools, to be situated at San Juan, Ponce, and Mayaguez. When these are opened the several communities, and in fact the entire island, should feel the benefits from this wise provision. For carrying out the law there is now available about \$45,000, an inadequate sum, yet sufficiently large to make a good beginning. It is planned to have the school at San Juan open by the fall, and the other two as soon thereafter as possible.

From the outline of the work as already given, it will be seen that there are three general types of schools—those to give a general education or academic training, those which are adapted to the requirements of the agricultural districts and interests, and industrial schools. As an end of the first group it is sincerely hoped that the day may come when a Porto Rican university may rear its top above the palms, affording a fitting place where the youth of this island may continue their studies; and not only may the diploma of such an institution be the aim of every Porto Rican child, but the university should be a Mecca of learning for all the West India Islands.

On a 50-acre lot at Rio Piedras, about 7 miles from San Juan, is situated the Normal School, from which very marked and lasting results are anticipated. This summer a course for the teachers of the island will be conducted by a competent corps of instructors. As early as last May all the places for this course had been taken, and there is a long waiting list of those eager to avail themselves of the opportunity to take the place of anyone who may fail to attend. Those pupils who have been in attendance since the opening of the school have made such progress in English, although most of the classes still have to be conducted in Spanish, that they can follow with intelligent understanding an address in the foreign tongue. In the building are two gymnasiums, one for the boys and one for the girls, with all modern appliances and shower baths; space for laboratories when they are required, and the nucleus of a school library.

Plans have been drawn for a principal's house and model training school, for the construction of which funds are now available, and the work of building and equipping should be completed by next October.

Forty-five Porto Rican boys, 20 of whom have an allowance of \$250 a year and 25 the sum of \$400, are being educated at governmental expense in the United States. Some were sent to schools in Pennsylvania, some to New York, a few to Tuskegee, and others to selected and good schools. We believe these boys will return to exert a most excellent influence throughout the island.

At the close of every school year an examination in English is held by the department, open to all teachers in the island. This year about 75 per cent of the teachers underwent this examination, although it was purely voluntary, showing the eagerness and zeal they always evince toward acquiring the new language.

To progress as we would naturally wish, educational work would require a far greater outlay of funds than the insular government can command for its entire budget. The commissioner of education desires the sum of \$3,000,000 annually for several years to come. This calculation he bases on the fact that out of 350,000 children of school age in the island, but 50,000 are being educated at the hands of the department, leaving a large number still to be cared for in the

schools. Toward this sum of \$3,000,000 the treasury can allow but from \$500,000 to \$600,000, to which may be added what will be derived from a special school tax of one-tenth of 1 per cent on all personal and real property, as authorized at the recent session of the legislature. As every point is strained to allow the department \$600,000, we must accept the progress attainable within our limitations, merely hoping that some day, of the many magnificent gifts to education, Porto Rico may be a beneficiary to some extent.

FISCAL SYSTEM.

It is unnecessary in this report to enter upon a detailed description of the revenue system prevalent in the island, inasmuch as the subject was fully covered in the report of my predecessor of last year. Such particulars, however, as may be sought to explain the exact operation of the revenue laws, are appended in the elaborate report of Treasurer Willoughby.

The close of the present fiscal year finds the treasury in excellent condition. The revenue system established under Dr. Hollander, the first treasurer, was sound in principle and flexible in application. Receipts have exceeded expenditures, and a considerable balance is to the credit of the Government for the commencement of the new year. The following statement of the funds standing to the credit of the treasurer succinctly shows present conditions:

Current funds on hand June 30, 1902, to the credit of the treasurer of Porto Rico in account with the people.

To credit of "insular revenues"	\$314,600.40
To credit of "trust fund"	1,043,868.46
Total.....	1,358,468.86
Deposited with:	
Assistant treasurer of the United States at New York	1,009,925.43
American Colonial Bank of Porto Rico, San Juan	185,155.74
Messrs. De Ford & Co.....	163,387.69
Total.....	1,358,468.86

Of the sum of \$1,358,468.86, \$1,043,868.46 are trust funds, representing the balance of the funds set apart by Congress, subject to the allotment of the President, for permanent improvement and local special trust receipts. The sum actually available for current insular expenditures was, on July 1, \$314,600.40, which latter sum represents an excess of \$239,968.99 of receipts over expenditures during the fiscal year.

It must be borne in mind, however, that the existence of the trust fund has relieved the treasury of the island of many expenditures that it might otherwise have been obliged to make, and that the exten-

sion of permanent improvement by way of roads and schoolhouses will require the insular government to make provision for the prosecution of further public works in some other way. It has been suggested that this may be done in time by the floating of an insular loan. The credit of the island should be very high, events having proved stability of government which would well justify investment in the bonds of the island, and there is no doubt that a loan could be successfully negotiated. But up to the present it has been our policy not to encourage such a project while the customs refund money was available, and for obvious reasons it was thought better to await the further demonstration of the success of the present form of government.

The building of schoolhouses and additional roads necessarily entails a corresponding charge upon insular funds for maintenance. It is therefore fair to say that estimates for the items "maintenance of roads" and "extension of school facilities," will increase for some years to come. General expenditures, it is thought, will likewise increase to some extent for some time ahead. The appropriations made by the second session of the legislative assembly aggregated \$2,345,279.91, as against \$2,126,204.71 of the first session. To secure the corresponding increase in the revenue for the next year or so has not been difficult, and it has always been realized that proposed expenditures should be subjected to the most careful examination, to the end that rigid economy in public expenditures prevail.

The treasurer's report shows that excise-tax collections for the fiscal year amounted to \$946,650.32. This collection exceeded the estimates in the items of distilled spirits and oleomargarine. Sixty cents per gallon, regardless of proof, is the tax on distilled spirits. Rum, which is really the one distilled spirit used in Porto Rico, has been shipped from the distilleries of higher proof than before, and dilution occurs after shipment. The trade in oleomargarine has fallen off, because the law imposes 10 cents per pound as an excise tax. This has proved to be prohibitory. It is to be hoped that the next legislature will modify the provision. The greatest excess in actual receipts over those estimated has been on account of beer and wine, cigars, cigarettes, and manufactured tobacco. When the revenue system was adopted, in 1901, it was said that the tax on these articles would work irreparable injury to the industries represented, but the course of events has demonstrated how groundless these fears were. Indeed, the last legislature was willing to raise the rate on beer and wine for the purpose of meeting the increase in the budget for the ensuing fiscal year.

In the collection of excise taxes in the island a system has been established which has worked to admirable advantage. A corps of revenue inspectors exercises the utmost vigilance, and punishment is swiftly meted out to those who are apprehended in fraud.

From July 1, 1901, the general property tax of one-half of 1 per

cent on all real and personal property in Porto Rico, not exempt, has been in operation. The total tax assessed against property under this rate amounted to \$473,226.28. Of this amount, \$407,440.12 was actually collected, leaving \$65,786.16, or 13.9 per cent of the total, uncollected. There has not been a sale of property for delinquent taxes. Considering this fact, the showing is satisfactory. The treasurer is continually collecting delinquent taxes of all kinds, and, with the better crops of this year, new and old taxes will be collected concurrently. The delinquencies have been, for the greater part, in the coffee districts. Property owners there are striving to regain the ground lost on account of the hurricane, and it is but proper that the government should be as lenient as it consistently can be until the planters recuperate.

Inheritance taxes amounting to \$12,711.74 were collected. This is plainly too small a sum, but it is probable that collections will be much larger in the coming fiscal year, as by recent act of the legislative assembly full power has been given to internal-revenue agents to make investigation and take other steps for the collection of this tax.

A part of the collections shown in the treasurer's report represents taxes which had been imposed during the Spanish régime, and which were delinquent when the United States became possessed of the island. The aggregate of these taxes amounted to \$295,571.31. After the hurricane, taxes were remitted in many cases, and collections suspended generally as against taxpayers who had been left destitute by the catastrophe, but during the last fiscal year \$99,264.41 were collected of these old taxes. The plan of the treasurer is to continue to collect without imposing unnecessary hardship upon those who owe them.

From the tax on premiums collected by insurance companies the treasurer received \$5,865.91, while interest on balances of money deposited with the depositaries produced \$8,656.80.

Appeals by aggrieved taxpayers against local assessments are now considered by a permanent board of review and equalization. The board consists of five members: The treasurer, who is ex officio chairman, the secretary of the island, the commissioner of the interior, and two other members, citizens of Porto Rico, who are appointed by the governor, with the advice and consent of the executive council. The board has all the usual powers of a board of tax appeals. It can increase or decrease assessments, assess property that has been omitted from the assessment rolls by the assessors, and generally determine all disputes arising out of the assessment of property. The board is in session at the time of the making up of this report, working harmoniously and successfully.

The increase in assessment values for 1902 will be somewhat over 10 per cent, it is thought, which will bring the total assessment of the island up to approximately \$110,000,000. There are 60,000 taxpayers.

Recent legislation marks the lines of taxation between insular and municipal governments. In Porto Rico, the insular government performs services not usually undertaken by a central government. For instance, it makes provision for educational facilities, has charge of the construction and repair of roads, and maintains the police force. All these should logically be carried on by local authorities, but for the present it is decidedly wise that the central government should maintain this system. As the performance of local duties is surrendered from time to time to local government, so can the central government of the island relinquish the collection of the general property tax.

Corporations are now taxed upon their real estate in the municipal district in which they are located; they are also subject to insular and municipal taxes, as individuals may be.

The last legislature considered municipal finances with the utmost care, and the manner in which the insular government exercises supervision and control over local finances has been put upon a firm and healthy basis. Hereafter, municipal authorities are authorized to impose a special school tax not to exceed one-tenth of 1 per cent upon all property, to be levied and collected in the same manner as the general tax upon property. The proceeds of this tax will be carried to the credit of school funds and be devoted exclusively to educational purposes. The main sources of revenues of municipalities now consist of a tax not exceeding one-half of 1 per cent upon the assessed value of all property within their respective districts, 15 per cent of the insular excise tax, business license taxes as approved by the executive council, and miscellaneous receipts, such as rentals, fines, permits, etc. The executive council now has all of the ordinances levying special taxes come before it in such a way that the proposed provisions can be plainly seen and the proposed taxes of the municipalities compared with the taxes levied in former years.

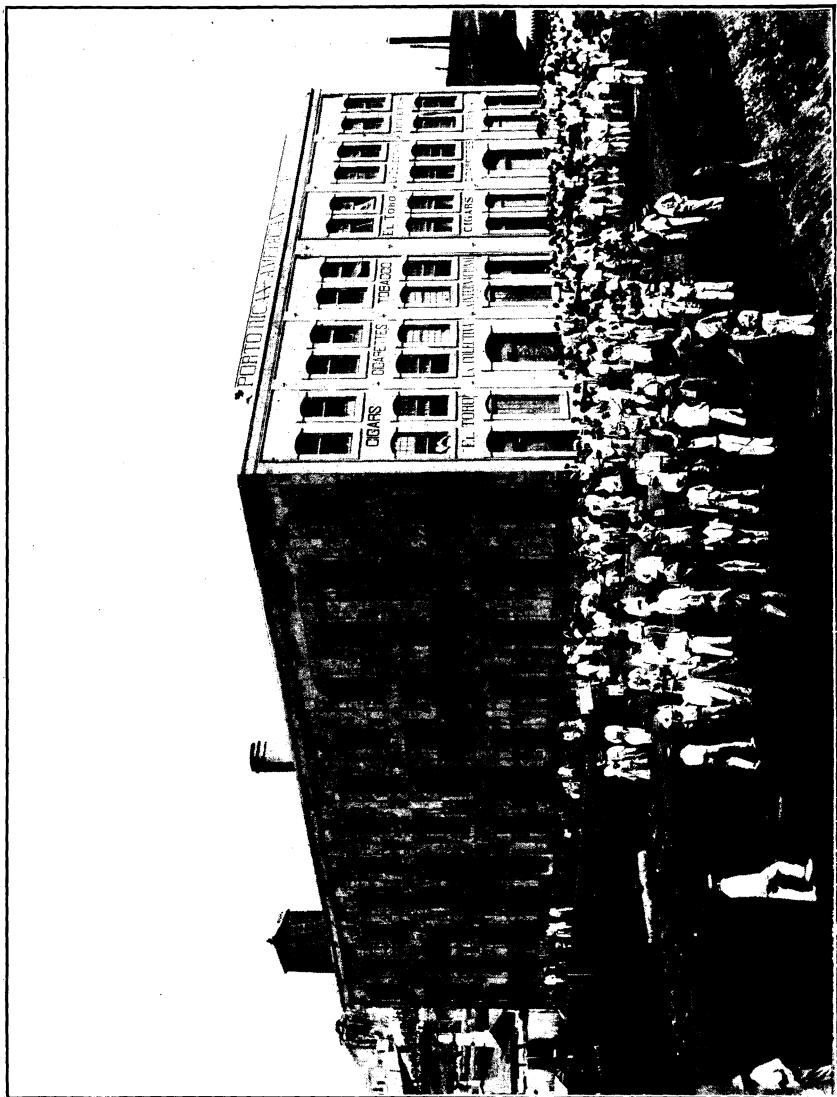
Checks have also been put upon the vicious system of allowing obligations to be incurred with no prospect of meeting them. In framing its annual budget, each municipality must hereafter first make provision for the meeting of any deficit that may have resulted in former years; for all expenditures for which it is obligated in consequence of contracts already entered into; for all payments imposed upon it by the laws of the island, and all payments on account of final judgments rendered against it by any competent tribunal. As long as a municipality complies with these requirements, the insular government may not intervene, but if in any budget it fails to do what the law requires the treasurer is given full power to make changes in subsequent budgets for the purpose of insuring that the obligations of the municipality will be met. The treasurer, in commenting upon this reform, says:

It will be observed that according to these provisions municipalities are to be treated exactly as are ordinary corporations. Within the limits of their charters they

are allowed full freedom of action as long as they fulfill all of their legal obligations, but as soon as they default in any respect the State steps in—in the one case by the intervention of the treasurer and in the other by the appointment of a receiver under the authority of the courts—to manage the affairs of the defaulting corporation until all legal requirements have been complied with. The essential difference between the old and the new systems, therefore, lies in the fact that under the old the insular government intervened in every case, whether the municipality had acted wisely and properly or not, while under the new such intervention is had only in the event that the municipality fails to discharge its legal obligations. When it intervenes, however, such interposition will be effective. For the first time, therefore, municipal officers are put in a position where they must feel a real responsibility and the central government is relieved of much vexatious work while obtaining that power to maintain public credit not heretofore possessed.

The question of banking in Porto Rico requires notice. Agriculture will always be the most prominent industry in the island; hence land must remain the principal security for loans. Rates of interest are high, varying now from 9 to 15 per cent per annum, yet capital does not appear to seek loans on real estate. A reason for this may be in part because of the feeling of insecurity in the titles to property. No general survey of the island has ever been made, while properties are not registered, as they might be under the present laws. A general survey must be had to secure definite determination of boundaries of municipalities and their subdivisions. Then there should be a complete cadastral survey. When these surveys are completed, a more perfect system of registering land titles can be adopted by appropriate legislation. We can report some progress in these matters. The legislature, by special act, placed \$5,000 to the credit of the governor to enable him to act with the United States Geological Survey in securing a topographic survey of the island. We will try to have Congress render some of its appropriations available for undertaking the work within another year, for we regard it as having a direct bearing upon the industrial development of the island through its relation to banks, which are the usual agencies of bringing lenders and borrowers together.

Banking in Porto Rico is more than a local question, involving as it does the wisdom of keeping in close touch with the financial institutions in the mainland whence the capital must be obtained which will be used in developing the island. The national banking act, it has been decided, applies to Porto Rico, but conditions are such that banks will be slow to organize under that law. The prohibitions against loaning money on notes secured by mortgages on realty, the prohibitions against branch banking, and the limitations upon note issues in excess of an amount equal to the face value of United States bonds deposited, may serve to keep national banks out of Porto Rico. Our experience has led us to look with interest upon the probable success of a branch banking system. The arguments advanced for branch banking in the Philippines seem to obtain when considering Porto



PORTE RICO-AMERICAN TOBACCO COMPANY.

Rico. They permit capital to be diverted from places where it is not in great need to those where it is. The small bank can not attract large capital for investment, and capital may continue to be scarce without some change in banking laws. With branch banks established, institutions of large wealth could transfer portions of their deposits not otherwise used, or, if used, loaned at very low rates of interest. Restrictions should be put upon the making of loans and every safeguard invoked to prevent the lending of money on precarious security; but, under prudent regulations, it would seem as if the better plan would be banks associated with powerful banks in the United States. Mr. Conant, in his recent report upon financial conditions in the Philippines, advocates such a system, and Mr. Willoughby, the treasurer of Porto Rico, whose ability and knowledge entitle his opinion to very high regard, concurs with him. The island is, therefore, deeply interested in any proposed reforms in the national banking act.

At present there is but one bank in Porto Rico with power to issue notes—the Spanish Bank. Governor Allen and former Treasurer Hollander commented in their reports last year upon certain errors in the powers possessed by this bank to issue notes to the extent of three times the amount of its capital actually paid in, but no Congressional action has been had curtailing the right. The bank itself, however, has taken up questions affecting the use of the powers given by its charter with the government of the island, and the managers have signified their policy to be to continue to curtail the present issue of bank notes. This plan is thought to be a proper one, and the treasurer believes that the canceled notes of the bank will not be reissued.

The office of the auditor is brought closely in touch with every department and branch of the insular government, in the matter of receipts and expenditures.

He keeps a general ledger of receipts and expenditures, in which is entered in detail every payment to the treasurer or deposit made with him, as evidenced by the receipts in duplicate issued therefor, and every payment by the treasurer upon warrants issued by the auditor and countersigned by the governor, which constitute the only authority upon which the treasurer can make payments from the treasury. The treasurer's receipts are entered upon the general ledgers of receipts and expenditures, under the general heads of "Insular revenues" and "Trust funds," according to the nature of the deposits. The subheads of "Insular revenues," to which the treasurer's receipts are carried, are "Customs receipts," "Internal revenues," "Miscellaneous receipts," and "Repayments by disbursing officers." All pay warrants, orders accountable, or settlements, are charged upon the general ledger by number, date, and name of payee, to "Insular revenue" or "Trust fund," in accordance with the fund from which payment is to be made. As the balances are carried forward from month to

month, the general ledger will show, at all times, the total balance in the insular treasury, as well as the balance of insular revenues and trust funds.

The act of Congress creating civil government requires that the auditor shall keep full and accurate accounts showing all receipts and disbursements. This provision is complied with also by monthly audits of the accounts of the depositaries for insular revenues and trust funds; also by audits of all monthly accounts of revenues received, and of all accounts of disbursements and the settlement of claims payable from funds. The auditor likewise audits the accounts of the collector of customs for Porto Rico. The system pursued in auditing customs accounts conforms to the laws of the United States and the decisions of the Treasury Department relating thereto. The regulations established for the auditing of accounts and the general character of abstracts and vouchers required are likewise substantially such as accounting officers of the United States Treasury Department use.

It has indeed been a fortunate thing for the island that in the beginning of civil government we have had the services of so capable an officer as Mr. Garrison, the auditor. He has been untiring in his labors to establish a complete system of auditing, and has been entirely successful. His fidelity and competency have been of incalculable benefit.

Trust funds which appear in financial statements are carried under general heads. Allotments are made by the President from the appropriation of revenues collected in the United States on importations from Porto Rico, which were appropriated by the act of Congress approved March 24, 1900, and placed at the disposal of the President, to be used for the government and benefit of Porto Rico, for the aid and relief of the people thereof, and for public education, public works, and other governmental and public purposes therein. After allotments have been made by the President the Secretary of the Treasury, upon request of the treasurer of the island, remits to him directly, or places at his credit with the assistant treasurer of the United States at New York, such amounts as are required by the insular government. From this general trust fund assignments for the use of the government in Porto Rico are made by the governor, with the approval of the heads of the executive departments. This method was established by President McKinley. The amounts so assigned are then transferred from the general allotment fund to the credit of special trust fund appropriations, such as "School extension," "Construction and repair of country roads," "Insular normal school," etc.

There are various insular trust funds, such, for instance, as municipal taxes on property, which include taxes collected by the insular government for municipalities; harbor improvements, which includes moneys collected by the captains of the ports, and several other funds of lesser importance.

The report of my predecessor having shown the financial condition of the island up to April 1, 1901, it has been thought convenient to append two statements, one showing receipts and expenditures from April 1, 1901, to June 30, 1901, and another showing receipts and expenditures from July 1, 1901, to June 30, 1902.

FINANCIAL STATEMENTS.

Receipts and expenditures from April 1, 1901, to June 30, 1901.

RECEIPTS.

INSULAR REVENUES.

Customs receipts	\$200,000.00
Internal-revenue receipts	265,700.04
Miscellaneous receipts from sundry sources	5,974.32
Total insular revenues deposited.....	471,674.36
Repayments	2,754.00
Total deposits and repayments, insular revenues.....	474,428.36

TRUST FUNDS.

Trust funds deposited.....	\$318,067.52
Repayments	965.75
Total deposits and repayments, trust funds.....	319,033.27
Total amount deposits, April 1 to June 30, 1901	793,461.63
Balance on hand at close of business, March 31, 1901 (p. 284, First Annual Report Governor of Porto Rico)	363,493.95
Total receipts to June 30, 1901, to be accounted for	1,156,955.58

EXPENDITURES.

AMOUNTS ADVANCED TO DISBURSING OFFICERS FROM INSULAR REVENUES.

Legislative:

Executive council.....	\$5,185.00
House of delegates.....	1,315.00
Printing and publication of laws.....	2,152.90
Total advanced for legislative expenditures.....	8,652.90

Executive:

Offices of the governor and secretary.....	\$9,070.20
Office of the attorney-general.....	4,226.41
Office of the treasurer.....	64,612.09
Office of the auditor.....	7,426.46
Department of the interior.....	51,079.30
Department of education.....	116,893.56
Insular police.....	72,380.35
Insular prisons.....	30,049.06
Insular charities	24,223.34
Internal-revenue service.....	11,675.57
Porto Rican code commission.....	3,460.02
Total advanced for executive expenditures.....	395,096.36

Judicial:

Insular courts.....	\$38,529.21
United States district court.....	9,109.78
Total advanced for judicial expenditures	\$47,638.99
Total amount advanced from insular revenues.....	451,388.25
Payments of sundry claims on settlements	71,746.84
Total amount paid from insular revenues.....	523,135.09

AMOUNTS ADVANCED TO DISBURSING OFFICERS FROM TRUST FUNDS.

Department of the interior	\$18,130.65
Department of education.....	46,904.79
Total amount advanced from trust funds.....	65,035.44
Payments of sundry claims on settlements	5,134.51
Total amount paid from trust funds.....	70,169.95
Total expenditures, April 1 to June 30, 1901	593,305.04
Total receipts to be accounted for.....	1,156,955.58
Total expenditures	593,305.04
Balance on hand at close of business June 30, 1901	563,650.54
Balance on hand June 30, 1901, was made up as follows:	
Insular revenues	\$74,631.41
Trust funds	489,019.13
	563,650.54

Receipts and expenditures from July 1, 1901, to June 30, 1902.

RECEIPTS.

INSULAR REVENUES.

Customs receipts	\$848,258.30
Internal-revenue receipts	1,497,802.63
Miscellaneous receipts from sundry sources.....	52,525.22
Total insular revenues deposited.....	2,398,586.15
Repayments by disbursing officers.....	31,273.86
Total deposits and repayments, insular revenues.....	2,429,860.01

TRUST FUNDS.

Trust funds deposited.....	\$1,468,692.29
Repayments by disbursing officers.....	9,989.79
Total deposits and repayments, trust funds.....	1,478,682.08
Total amount of deposits, July 1, 1901, to June 30, 1902.....	3,908,542.09
Balance on hand at close of business June 30, 1901.....	563,650.54
Total receipts June 30, 1902, to be accounted for.....	4,472,192.63

EXPENDITURES.

AMOUNTS ADVANCED TO DISBURSING OFFICERS FROM INSULAR REVENUES.

Legislative:

Executive council	\$26,068.17
House of delegates.....	22,508.00
Printing and publication of laws.....	2,853.97
Total advanced for legislative expenditures.....	51,430.14

Executive:

Governor's and secretary's offices.....	\$39,796.48
Office of attorney-general	20,892.16
Office of treasurer.....	98,449.93
Office of auditor.....	34,317.05
Department of the interior.....	376,345.83
Department of education.....	517,026.64
Insular police.....	281,787.63
Insular prisons.....	100,236.72
Insular charities.....	103,196.02
Internal-revenue service	62,179.82
Porto Rican code commission	11,579.95
Representation at Pan-American Exposition.....	3,371.00
Representation at Charleston, S. C., Exposition..	5,000.00
Inauguration of governor of Porto Rico.....	1,000.00
Relief of sufferers, Cabo Rojo fire.....	200.00
Relief of indigent sick of Camuy.....	400.00

Total advanced for executive expenditures..... 1,655,779.23

Judicial:

Insular courts	\$165,297.38
United States district court.....	34,807.28

Total advanced for judicial expenditures..... \$200,104.66

Total amount advanced from insular revenues..... 1,907,314.03
Payments of sundry claims on settlements..... 292,128.37

Total amount paid from insular revenues..... 2,199,442.40

AMOUNTS ADVANCED TO DISBURSING OFFICERS FROM TRUST FUNDS.

Department of the interior

\$305,250.29

Department of education.....

181,254.44

Total amount advanced from trust funds

486,504.73

Payments of sundry claims on settlements.....

427,776.64

Total amount paid from trust funds..... \$914,281.37

Total expenditures July 1, 1901, to June 30, 1902..... 3,113,723.77

Total receipts to be accounted for..... 4,472,192.63
Total expenditures

3,113,723.77

Balance on hand at close of business June 30, 1902..... 1,358,468.86

Made up as follows:

Insular revenues..... \$314,600.40

Trust funds

1,043,868.46

Balance as above

1,358,468.86

JUDICIAL SYSTEM.

New and good codes of penal laws and criminal procedure now obtain in the island, having become effective July 1, 1902. A political code was also adopted, to take effect immediately upon the adjournment of the legislative session. The political code consists principally of a codification of the laws adopted by the first legislative assembly, together with new municipal laws, revised revenue and election laws, and statutes defining the duties of officials. The codes were prepared by Messrs. L. S. Rowe, Juan Hernandez Lopez, and J. M. Keedy, a commission appointed by the governor by virtue of an act of the first legislative assembly. Attorney-General Harlan, in his report, writes of the codes as "essentially American in form and substance." It is generally understood that the penal codes, with such changes as were necessary to adapt them to the system of laws in force in Porto Rico, are substantially like those in force in the State of California.

It was a great step onward to adopt a new criminal code. Under the Spanish system, crimes like embezzlement, seduction, and rape were regarded more as against the person injured than as against the state. Under the new laws, the prosecution of these and other offenses is under the control of public prosecutors. Greater latitude is now given to judges than was formerly extended under the Spanish codes. The time had come where judges might be trusted to perform their duties fearlessly and well. Prosecutions for crime will hereafter be conducted by informations, no provision existing for grand-jury investigation. It is impossible to say yet how the codes will operate; but, so far as we can say, they have been accepted with favor. The jury system prevails in Porto Rico, but there have been but 24 jury trials up to the present time. From the limited experience had, it can not be definitely stated whether the institution has taken strong hold or not.

The judicial system of the island consists of 48 justices of the peace, who exercise jurisdiction over crimes against municipal and police regulations and of minor misdemeanors. The salary of a justice is \$50 a month, except in the two larger municipalities, where he receives \$100 a month. There are five district courts, with general jurisdiction of civil and criminal matters. Three judges and a prosecuting attorney are assigned to each court. The salaries of the judges are \$3,000 in San Juan, but in all other districts \$2,400. There are five judges of the supreme court, the chief justice receiving \$5,000 per annum and the four associates \$4,500 each. There are two judges from the mainland of the United States on the supreme court and one upon each of three of the five district courts. All the other judges are Porto Ricans. The total appropriations for judicial salaries are \$107,600.

The department of justice is of necessity one of the most important connected with the government. The demands upon the time of the

attorney-general are heavy; indeed, he has been obliged to increase his force of assistants. Advice is constantly sought by prosecuting attorneys and other court officials as to the proper performance of their duties, and until the new codes are thoroughly understood this will continue. Attorney-General Harlan has served with conspicuous ability. He has been assiduous in his devotion to duty and enjoys the confidence and respect of everyone.

The influence of the United States district court and of the supreme court of the island is powerful for good. Each tribunal performs its work in a manner which commands the confidence of citizens, who feel that life and property have every impartial care and regard.

MUNICIPAL AFFAIRS.

Professor Goodnow, in his book on Municipal Home Rule, has written that "Perhaps no part of the American system of government has caused such dissatisfaction as the government of our cities." Using the term American system in its most comprehensive geographical sense, the comment applies to Porto Rico. We must implant it as a principle that a municipal government is for the execution of local wants, and is yet an agency of the larger community—the island—for the administration of such affairs as the island as a whole is interested in. Under Spanish rule, municipalities were completely subservient to the central insular government. The mayors, besides being the chief executive officers of their respective municipalities, were also delegates of the central government, charged with enforcing the general laws. It naturally followed that local government was as bad as the central. Salaries were paid to a host of minor officials, appointed solely for political reasons. There was no efficiency in administration. Every question, great or small, was submitted to the central authorities for administrative determination. Notwithstanding a present desire for municipal autonomy, the habit of dependence upon the central government is yet deeply seated in the character of the people, but with it a desire for political power is common in municipal affairs. Some general supervision and control over the municipalities will be necessary for some time to come; nevertheless, the end in view must be greater municipal independence, and there should be a release of central authority as fast as it can be given in safety. It has been the policy of the insular administration to encourage a spirit of self-reliance and civic pride in the municipalities and to extend the sphere of local self-government as far and as rapidly as is reasonably possible.

In order to secure minority representation and to check the abuse of political power in municipal administration it has been found helpful when vacancies occur in the municipal councils to appoint councilmen of the political party opposite to that of the majority to

fill such vacancies until the next municipal election. At first this was very distasteful to the majority, but we kept the plan up and it has accomplished the greatest good. We feel encouraged at the progress. Municipal budgets are made with better regard to incomes; municipal officials take more interest in public business affairs. The larger cities are introducing modern improvements, such as sewers and electric lights, while better slaughterhouses are being erected, hospitals are better, new cemeteries are being opened to relieve the overcrowded older ones, and streets are cleaner.

Three laws relating to municipalities were passed at the second session of the legislative assembly. Of these the most important is that entitled "An act for the consolidation of certain municipal districts." By section 32 of the act of Congress, "temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," the insular legislative authority is empowered "to create, consolidate, and reorganize the municipalities." That some reform looking to economy and greater efficiency in municipal administration was imperatively needed was obvious to all. In many of the municipalities the sum total of all the moneys raised by taxation was insufficient to pay the salaries of the municipal officials. Two courses were open to the legislative assembly: To incorporate the larger municipalities as cities under special charters and to classify the others as towns or villages, with fewer officials and greatly simplified administrative machinery, or to consolidate the smaller, nonself-supporting municipalities with their larger and more prosperous neighbors. The assembly chose the latter course, combining with it, however, the principle of classification of the first course. As was to be expected, there has been much opposition on the part of the annexed municipalities to a plan that will abolish them as separate, independent entities. While much of the opposition has come from the local politician who will be thrown out of office by the change, some of it is of a more disinterested character. It is hoped that the gain in efficiency and economy which will result from the consolidation of the municipalities will outweigh any disadvantages that the plan may involve. Should experience prove the reverse to be true, it will be a comparatively simple matter for the next legislative assembly to amend the municipal law, reviving the abolished municipalities and extending to them a limited autonomy in purely local affairs. The act for the consolidation of the municipalities will take effect on July 1, 1902, after which date the number of municipalities on the island will be reduced from 68 to 46.

Another act relating to municipalities passed by the legislative assembly is known as the "Municipal law." This act is comprehensive in its scope and specific in its provisions. It does not depart too radically from what was good in the former system, but blends with it much that is American of an approved character. The law prescribes

and defines the duties and powers of mayors and city councils; it provides for the appointment in each municipality of a secretary, a treasurer, a comptroller, an inspector of public works, a health officer, and a board of charities, and fixes the maximum salaries which shall be paid to these officials; and it divides the municipalities into two classes, on the basis of population. In municipalities which have a population of 20,000 inhabitants or over, except in three instances where the number of councilmen will be 15, the number of councilmen is fixed at 9, and a certain scale of maximum salaries to be paid to municipal officers is established; in those municipalities which have a population of less than 20,000 inhabitants the number of councilmen is fixed at 5, and the scale of maximum salaries is also decreased. The reduction in the number of councilmen in the smaller municipalities is a much-needed reform. Formerly there were from 12 to 15 members, and it was often very difficult to secure a quorum for the transaction of necessary municipal business. The municipal law extends the authority of the city councils in several directions, and leaves for determination by the municipal officials many questions which heretofore have had to be submitted for approval to the central authorities. In order that the interests of taxpayers or residents, or the general interests of a municipality, may be protected from injury by any ordinance, resolution, or act of the council or mayor, or of any municipal officer, the law provides for an appeal by suit in a court of competent jurisdiction, or for a direct appeal to the insular secretary. It is thought that this provision is a wise one, because, while the law does away with the direct control by the insular government over the municipal authorities in many matters which are of a purely local nature, a mode of redress is secured to taxpayers or residents who may consider themselves or the general interests injured by municipal action.

Another very important principle involved in the latest municipal law pertains to the authority of the treasurer of the island over the management of financial affairs of cities. The treasurer henceforth will have full power to prescribe the manner and form in which municipal accounts shall be kept, and he may require reports from municipal treasurers and comptrollers; and when the governor sees fit the treasurer may send an inspector specially appointed by the treasurer for the purpose of examining into the accounts of any municipality. This will enable the treasurer to establish uniform systems of accounts throughout the municipalities and require that municipal treasurers follow the approved rules of public accounting. This subject is more fully referred to in comments upon fiscal affairs. For the purpose of enabling any floating indebtedness of a city to be cared for, legislation was had authorizing the issuance of certificates of indebtedness in liquidation of all claims against a municipality due and unpaid on July

1, 1902, such certificates to bear interest at the rate of 3 per cent per annum and to be retired in five annual installments.

The insular police now has authority coextensive with the island itself, and it is their duty to protect persons and property and to maintain and preserve public order throughout Porto Rico, including the cities, the municipalities, and the rural districts. But if it appear to the governor that a city is financially able to maintain a municipal police and to preserve order, the governor may, in his discretion, withdraw the insular police from the city, and thereupon municipal police may assume control. This provision of one of the acts of the last legislative assembly will enable the central government to guarantee the preservation of order in every municipality. The law was objected to at first, but the efficiency of the insular police and the determination of the central government that it shall not participate in political affairs have overcome opposition, and wherever the insular police exercises control in municipalities healthy conditions prevail. In Ponce and Mayaguez alone are there municipal police, and already, from Mayaguez, a great many requests are being made that insular police assume control.

It is an encouraging fact that advantage has been taken of the act passed by the first legislative assembly authorizing the issuance of bonds by the cities of Porto Rico. San Juan, Ponce, Mayaguez, and Arecibo have been successful in negotiating loans in the United States. The aggregate of the same is \$1,100,000. The law provides that the moneys obtained by loans secured by municipal bonds shall be used only for certain specified public improvements, or for the purpose of funding and taking up and making payment of the floating indebtedness and liabilities of such municipalities. In some cases the municipal bonds, bearing interest at 6 per cent, have been disposed of at a premium.

In order to arrive at a definite idea of the actual present conditions prevailing in the municipalities, a circular letter was sent to each mayor in the island, asking for a report upon his respective municipality in regard to the health of the people as compared with previous years, the number of pupils attending schools, public improvements made within the year, the state of business, the probable total income and the probable total expenses for the current fiscal year, the amount of debt unpaid, if any, and the pursuits upon which the people mostly depend for support. With but one or two exceptions the reports have been highly optimistic. The mayor of one large place writes: "Health good and improved; school attendance increased; streets improved; hospital improved and sewer system being built gradually; business improved; no debt; main support, commerce, industry, and, particularly, agriculture." This report is a fair sample of the great majority of them.

Secretary Hartzell's report treats of municipal affairs in a clear and interesting way. He has done most effective service in straightening out and improving bad municipal conditions. In considering the numerous complaints of persons aggrieved, or who think themselves aggrieved, he has invariably examined the records with patience, and his decisions when rendered are accepted with confidence. To the secretary's and treasurer's combined interest is largely due improved legislation pertaining to municipal government.

HEALTH.

In matters of sanitation there has been a marked improvement during the past year, the board of health reporting that "public opinion is being slowly but surely awakened to the importance of sanitation and to the necessity of making better arrangements for the care of the sick poor than have previously existed."

House drainage is much better than formerly, the old-fashioned brick and cement drains being replaced by heavy iron ones in the larger cities throughout the island. Cesspools are being done away with; streets are cleaner; indeed, there has been a general awakening as to the necessity of sanitary reform.

In January, 1902, varioloid appeared, but the disease was of a very mild type, and although it spread rapidly stringent measures were adopted to suppress it, and after a few weeks it was controlled. Tuberculosis continues to be the prevalent disease in the island. Its ravages are greater, however, than they need be, owing to the carelessness in guarding against it among the poorer people. The board of health intends to publish some simple hints for general distribution against the disease, and it is to be sincerely hoped that benefits will follow from this plan. Excessive overcrowding of occupied houses is a matter with which the board of health has tried to deal, but until more houses are built in and about the cities it seems impossible to eradicate present conditions; but they will be ameliorated by careful inspection and advice.

The officials connected with the health bureau of the government all deserve mention, but particular credit is due to Dr. Hernandez, the director, to Dr. William Fawcett Smith, the secretary, and to Mr. Berkley, the chemist. Among other improvements progress has been made in establishing new cemeteries to relieve the former overcrowded ones.

Looking into vital statistics we find that from June 1, 1900, to May 31, 1901, a period of one year, the total number of deaths was 37,350, while from June 1, 1901, to May 31, 1902, the deaths were 23,517, or a decrease of 13,821. This showing is most encouraging.

No yellow fever has been reported in the past year. In 1901, 12,059 people died of anaemia, while last year only 6,333 succumbed to that

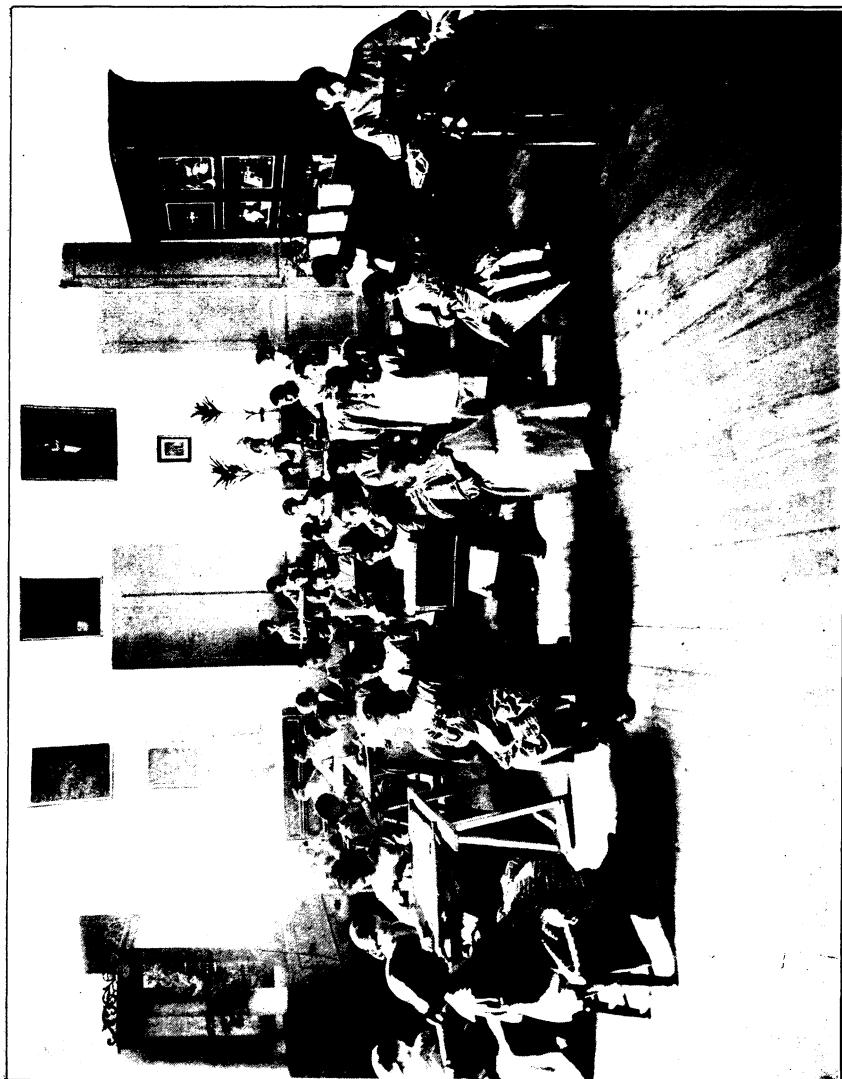
prevalent disease. From dysentery, in 1901, 505 died, but in 1902 only 295. One thousand eight hundred and seventy-eight died of enteritis in 1901 and only 930 in 1902. Tuberculosis killed 1,531 in 1901, but 1,426 in 1902. From diarrhea 2,094 died in 1901 and last year 155. Among those who died from July 1, 1901, to June 30, 1902, were 17,112 whites, 5,944 mulattoes, and 1,067 blacks.

CHARITIES.

By legislative act the insular charities were placed on March 1, 1901, under the supervision of a director of charities, abolishing the former board, and the results under this new administration have proved the wisdom of the change. The institutions under the charge of the director are the leper colony, insane asylum, girls' charity school, and boys' charity school, to which will be added a blind asylum, to receive 150 inmates upon its establishment. This last-named institution was authorized by the legislature at its last session, an appropriation of \$22,000 being made for its founding. The Spanish Government never maintained a blind asylum, although there are over 2,000 poor blind persons in the island. The asylum will be located in San Juan.

The leper colony is situated on a small island near the entrance to the San Juan Harbor. The average number of inmates is 22, an increase of only 5 over last year, although it is estimated that there are between 30 and 40 of these afflicted persons throughout the island; but the refusal of the common carriers to transport a leper makes it difficult, after the person is located, to place him at San Juan. The buildings are all of substantial masonry, those for the males, females, physician, and employees being separated. The patients amuse themselves with games and illustrated magazines, and welcome the work of cleaning and some repairing which they have to do. The women faithfully nurse the sick and make the clothes for all the inmates; but 2 have died during the past year.

The insane asylum is at present accommodating a few more than was intended, even after enlarged improvements made during the year, there being 215 inmates, as many as can be cared for without crowding. The patients are constantly occupied and amused by repairing and cleaning the building, the making of clothing, kitchen and laundry work. A new gymnasium and a band have made the lot of these unfortunates a happier one. During the year 66 have recovered their reason and been discharged, 49 have died (a rate of 15 per cent), and 135 have been admitted. This death rate, though the same as that for the previous year, has been reduced among those who have entered the asylum during the year, when taken by themselves, to 10 per cent, with a rate of 25 per cent cured, results which have never existed before. Every kindness is shown the patients and every



SEWING ROOM, GIRLS' CHARITY SCHOOL.

endeavor made to make life as bright and cheerful as their condition will allow. The average monthly cost of the asylum, including salaries and incidentals, has been \$2,184.41, while the daily cost per capita is but \$0.349, a slight reduction from last year.

Very little change has taken place at the girls' charity school during the past year, though improvement has been noticeable, especially in the progress made in learning English among the younger children. The school has been under the care of 10 Sisters of Charity. These ladies, after lives of entire, unselfish devotion to the children, have signified their purpose to withdraw soon after July 1 to return to Spain, of which country they are citizens. The work taught in the institution, such as sewing of all kinds, kitchen, dining-room and house service, is pursued with the aim of fitting the girls for future usefulness and employment. The success, though small, which has attended the endeavor to find occupation for those discharged, is encouraging. Out of the 39 discharges, places for 6 were found, the others being cared for by their families. This seeming inconsistency of a destitute family caring for an addition is due to the fact that under the Spanish rule many were admitted into the school who could have been supported by their parents or guardians. In all the year, out of an average attendance of 202, not one death has occurred. This is also true of the boys' school, where the number of children is 277, a truly creditable record.

The military discipline, which has been made the basis of training at the boys' charity school, has brought most successful results. This training, besides teaching the boys obedience and punctuality by its army setting-up exercises, which are practiced by the entire school every day, has developed them physically to an extent which demonstrates conclusively its benefits. The little fellows are straight, deep-chested, and healthy. A very creditable band is one of the features of the school, and gives a boy training for certain future employment in this island of music lovers. Every possible advantage in schooling and teaching the trades is given, particular attention being paid to English, in which the pupils make good progress. Although the shops are not as complete in equipment as could be desired, yet the trades of shoemaking, tailoring, carpentry, and bread making are successfully taught. The school bakery supplies bread for all the institution, 484 pounds daily, at a saving over the market price of 3½ cents a pound. The recent attempt at agriculture is hopeful, but we shall push more vigorously in this way than heretofore.

Comparing the daily per capita cost of the girls' and boys' schools, it will be found that the latter is about 12 cents in excess of the former, but the increased number of inmates and many minor improvements account for this difference. During the past year, the allotments of the different municipalities have been distributed as nearly as possible

to their apportionment, although it will be impossible for some time to come to finally adjust them, owing to the fact that San Juan and neighboring towns were shown much favor under the old régime.

All the buildings under the department of charities have been thoroughly overhauled, and the installation of modern plumbing throughout has made them perfectly sanitary. New white-enamel cots have given a clean, cool appearance to the dormitories and are much healthier than those formerly in use.

The per capita expense for the four institutions, including the salaries and expenses of the director and his office force, averages \$0.333 per diem, but a fraction of a cent above the former year, although many improvements have been made in the buildings.

There is a vast amount of charitable work still needed. Many indigent, deformed persons appeal to public charity, and in time should be cared for in asylums. We are moving on as fast as we prudently can, but the task is very large. The philanthropist will find full scope for his work in many possible ways.

THE INSULAR POLICE.

Public order throughout the island is maintained by an insular police force, consisting of 670 men, including officers. The jurisdiction of the police is coextensive with the island. The force is really a substitute for militia, maintained exclusively by insular funds, uniformed in khaki, drilled, regulated in military routine, and armed with carbines secured from the U. S. Ordnance Department, the arms and equipment having been issued under allotment made by Congress for arming the militia in the several States and Territories.

Appointments to the force are made by a commission of three persons who constitute an insular police commission. The standards for admission are that a man be a bona fide citizen of Porto Rico, between the ages of 21 and 40 years, of good character and sound health, able to read and write, weighing not less than 130 pounds, and being not less than 168 [5.5 feet] centimeters in height, and possessing a chest movement of at least 5 centimeters. To the credit of the police commission, these requirements are rigidly and impartially lived up to, and as a result the force is made up of an exceptionally tall, well-built body of men.

Last year a system of courts-martial was authorized by law, but there was so much complaint of partiality or political prejudice that the legislature abolished it and vested the commission with power to try, punish, suspend, and discharge for violations of duty, the right of discharge being subject, however, to approval by the governor. The new method is a vast improvement.

Municipal police can be maintained only in cities having more than 10,000 people; in all others the insular police have all police authority, and in cities of more than 10,000 it rests with the governor to say

whether "such city is financially able to maintain a municipal police and to preserve order by means of a municipal police force." If it appears to him that the prescribed conditions can be fulfilled, he may withdraw the insular police from such city and municipal police may then take charge, subject always to removal if public order is not well maintained or if the finances of the city do not justify the retention of municipal police. Ponce and Mayaguez are the only cities with municipal police.

Promotions as corporals and sergeants are by competitive examination. Every effort is made to forbid political interference or activity by insular guards, and largely to the impartiality of the guards is due the superior respect given to their authority. As long as there were city police (up to eighteen months ago) we received innumerable complaints of oppression, of political favoritism, disorder, and inefficiency. But all this lessened with the abolition of local police, and so good is the insular control that many taxpayers, without respect to party, desire that insular police supersede municipal altogether. This disposition of property holders is radically different from that assumed in the beginning of civil government, when numbers joined in bitter protest against the abrogation of so-called "municipal autonomy" and against central police power. No better evidence of the good service rendered can be stated than the record of the subsidence of this feeling.

During the year ended June 1 the insular police made 19,553 arrests. Of these, it is interesting to observe that 2,639 were for fighting, 1,097 for violation of city ordinances, 1,858 for disorderly conduct, 1,053 for drunkenness, 1,592 for assault, 1,732 for theft, 41 for murder, 133 for highway robbery, 114 for revenue frauds, 46 for arson, while the rest were for other ordinary crimes of more or less importance.

It costs the island \$300,000 per annum to maintain the force, but experience confirms the belief that the highest public interests demand that its present strength and efficiency be retained for some time. When the municipalities are better regulated and have larger resources it will be proper that they establish their own police forces and bear the burden of maintaining them, but the surest and quickest way to this desired end is the practicable example of a thorough insular police.

PRISONS AND JAILS.

There were in confinement in the prisons of the island on the 1st of June, 1902, 1,008 persons. This number included 569 serving sentences in the penitentiary, and others committed for offenses which required confinement in jails. Of these 1,008 persons, 489 were white, 318 mulatto, and 201 negro. Nine hundred and fifty-five were over 18 years of age and 53 under. In nationality, 982 were Porto Ricans, 12 Spaniards, 4 Cubans, and the rest of different Southern countries,

including 3 Americans. Five hundred and thirty could read and write, 478 could not. There were 154 committed for homicide, 164 for robbery, 146 for assault and battery, 23 for assassination, 25 for theft and robbery, and 15 for serious injuries. Of the prisoners who are awaiting trial, 17 are charged with homicide, 10 with assassination and robbery, and 21 with robbery.

A shoe shop is operated in the penitentiary, where 76 men are employed; 45 men work in the tailor shop making prisoners' uniforms, and sheets and pillowcases; 31 men work in the carpenter shop, where many articles of furniture are made for the various governmental offices; 2 men are employed as blacksmiths, and 29 make the hats required by the prisoners, and, in addition, weave baskets, which are sold to advantage; 14 men are employed in the tobacco shop recently established, where the cigars and cigarettes consumed by the prisoners are manufactured; 7 men are employed in the bakery shop, and 15 others make lace and sell it. The prisoners are employed in keeping the jails clean and in cooking, and gangs of them clean the streets of the city of San Juan, and of the other cities where there are jails.

The prisoners are very docile. It is extremely rare that an attempt at escape is reported, although the prisoners are not separated by cell confinement. Good conduct is allowed by a standard such as is usually adopted in penitentiaries. Full record of the prisoner is taken upon his entrance into the penitentiary.

The penitentiary is now at San Juan, but it is hoped that the government may soon be able to build a new and better one outside of the city. The jails, when compared with modern prisons, are inferior, but sanitary improvements having been introduced, they are at least healthy. Prison discipline has never been as regular and strict in Porto Rico as it usually is in the mainland or as it should be here, but there is more system than formerly, and we shall strive for further improvement.

LABOR AND WAGES.

There are in this island about 200,000 persons employed as laborers in the fields. They are probably the most industrious portion of the entire population. Though small in weight and stature, when compared with the average native of the North American continent, their bodies are all bone and sinew, and their powers of endurance and continuous effort are wonderful. They are generally poorly clad and not over well fed, but the climate does not require much clothing and a vegetable diet is often all that may be had. The average daily wage of the agricultural laborer is from 20 to 50 cents, or 35 cents in American gold. This is increased in proportion to skill and experience. Bosses get from 60 to 75 cents, and sugar boilers \$1.50 per day. The scale of wages can hardly be increased until there is a general rise in the price of agricultural products, which can only be secured by the protecting influence of the tariff laws.

Ever since the civil government was established there has been a complaint by the planters of the island of Vieques that they can not secure laborers to harvest their sugar crops. In the days of the Spaniards these planters brought cane-field hands from the neighboring French and English West Indian Islands, but now that the immigration laws obtain they are forced to secure labor upon the main island of Porto Rico. They have several times requested that modifications be sought from Congress of the present immigration laws, but we believe that that is unnecessary. It is said by the Vieques planters that the native from the main island complains that his health is not good in Vieques; but with the vast number of laborers that there are here a sufficient number can assuredly be had to do the necessary work in Vieques.

Within the past year or so there has been unusual activity in the organization of laboring men into societies or unions, for the advancement of their interests. The American Federation of Labor has had its representative in the island, and has a large membership in the order. Another labor organization containing many members is the "Federación Regional." It is very much to be regretted that there has been not a little ill feeling between these bodies of laboring people, owing, it is generally said, to questions of local politics. Each organization asserts its principle to be to keep out of participation in political affairs, but each accuses the other of being in sympathy with one or the other of the political parties in the island. Our hope is that as time goes by all suspicion of politics will be kept out of the organizations, and that they may only serve the higher purpose of bettering the interests of laboring people, irrespective of political beliefs. Wages have increased since the American occupation.

IMMIGRATION.

The same immigration laws and regulations are applicable to the district of Porto Rico as apply to the mainland. Examination of immigrants coming to the island begins with the United States consul at the point of embarkation, and is continued by the Marine-Hospital Service and by inspection through the immigration officials at the points of arrival. The number of persons who arrived at San Juan and subports during the past fiscal year is as follows:

From France	52
From Germany	5
From Spain	541
From England	19
From South America	307
From Central America	18
From West Indies	809
From all other countries	4
Arrivals in July, 1901	153
Total	1,908

Of the 1,908 arrivals 725 were cabin passengers and not classified as immigrants, 75 per cent of them being Spaniards who left the island at the time of American occupation and are now returning.

The following table shows the number of immigrants, according to race and sex:

Race.	Male.	Female.	Total.
Bohemian and Moravian.....	2		2
Cuban.....	97	40	137
Dutch and Flemish.....	5	2	7
English.....	34	13	47
French.....	64	22	86
German.....	5	2	7
Italian (North).....	34	3	37
Italian (South).....	17		17
Mexican.....		2	2
Portuguese.....	1		1
Scandinavian.....	2	7	9
Scotch.....	1		1
Spanish.....	395	116	511
Spanish-American.....	48	27	75
Syrian.....	80	36	116
Turkish.....	7		7
West Indian.....	68	45	113
All other peoples.....	8		8
Total	868	315	1,183

Of the above number, 185 were under 14 years of age, 829 between 14 and 45 years, and 169 were 45 years of age and over.

Illiteracy: Can not read nor write, 142; can read but can not write, 2.

Number bringing \$30 and over, 779; number bringing less than \$30, 404. Total amount of money brought and shown, \$43,495.25.

Number of vocations represented by the immigrants is 36, as shown by the following table:

Professional:		Skilled—Continued.	
Actors.....	39	Printers	7
Clergymen.....	3	Saddlers	4
Engineers.....	3	Seamstresses	12
Lawyers.....	8	Shoemakers	20
Musicians.....	1	Stonecutters	1
Physicians.....	9	Tailors	9
Sculptors.....	3	Tinniers	7
Teachers.....	3	Tobacconists	3
Not specified.....	7	Watchmakers	1
Total	76	Not specified	13
		Total	333
Skilled:		Miscellaneous:	
Bakers.....	3	Farmers	31
Barbers.....	1	Farm laborers	40
Blacksmiths.....	2	Hotel keepers	2
Butchers.....	1	Laborers	166
Carpenters.....	16	Merchants	132
Clerks.....	172	Servants	60
Ironworkers.....	1	Not stated	14
Machinists.....	9	No occupation	329
Mariners.....	22	Total	774
Masons.....	12	Grand total	1,183
Mechanics.....	14		
Miners.....	2		
Painters.....	1		

A great many islanders from other West Indian islands would like to come to Porto Rico, but the immigration agent very properly applies the law fearlessly and well, and many have been discouraged. During the last fiscal year 2,243 Porto Ricans have come back to the island. Sixty per cent of this number have come from Santo Domingo, and the rest from Spain, South America, and Cuba.

CLIMATE.

Porto Rico has an excellent, probably the best, tropical climate. Although a continuous heat, it is so tempered by the trade winds that there is comparatively slight danger in it. Strangers unused to the Tropics have to be careful in diet and drink lest stomach troubles overtake them; yet with ordinary care sickness is avoided. Inasmuch as we so often hear the climate of Porto Rico discussed by comparison with that of Habana and Manila, I have gathered (through the courtesy of the section director of the United States station at San Juan) some data of interest. It appears that Manila has a higher mean temperature than San Juan with a greater rainfall. Relative humidity is higher at Manila. Habana, on the other hand, has a lower mean temperature than San Juan, as the following tables show:

	Mean annual temper- ature (about).	Temperature recorded.	
		Highest.	Lowest.
Manila	°	°	°
San Juan	80	100.	60
Habana	78.5	100.8	57.1
	77	100.6	49.6

The average difference between the warmest and coolest months: At Manila, 3°; San Juan, 6°; Habana, 11°.

	Mean annual rainfall.	Greatest annual rainfall.		Least annual rainfall.
		Inches.	Inches.	Inches.
Manila (about)	76	120.98	35.65	
San Juan	57	82.66	36.64	
Habana	52	71.40	40.50	

Temperature and rainfall data for Porto Rico during the year ended June 30, 1902: The highest temperature reported was 100°, at Cayey, on September 9; the lowest, 51°, at Adjuntas, on February 2. The maximum at San Juan was 92° on September 6 and April 19; the lowest was 66° on February 3. The greatest rainfall recorded was 155.14 inches, at Hacienda Perla, in the northeastern part of the island; the least amount recorded was 50.27 inches, at Santa Isabel, in the southern part of the island.

Northern women who stay in the island for a year or two without interruption seem to find the climate of Porto Rico wearing. They

lose color and are often enervated. Children do not suffer, and men who exercise freely do better than those who do not. Persons who have been here several years unite, however, in advising the most nourishing food as essential for health. If one can get the same food in Porto Rico that he has been used to, he can feel quite sure of being well physically, and he need not fear bringing a family to the island.

CORPORATIONS AND FRANCHISES.

The island has an excellent general corporation statute adopted by the last legislature, modeled after the New Jersey laws upon the same subject. The insular secretary exercises a general supervision over corporations, both domestic and foreign. In the case of domestic corporations, the secretary must issue his certificate, over his seal, that the articles of incorporation containing the statements required by law have been duly filed in his office before the existence of such corporation shall begin. In the case of both domestic and foreign corporations, annual reports covering certain specified points must be filed in the office of the secretary.

The restriction of the act of Congress limiting corporate ownership of land in Porto Rico to 500 acres is often urged as a cause deterring the investment of American capital. That it has been a source of some embarrassment to persons desiring to organize into corporations to cultivate sugar cane in the island can not be disputed, and the executive council has, within the past few months, passed a resolution recommending a modification of the statute. A sugar estate of 500 acres is hardly large enough to tempt capitalists subscribing to stock investments. The principle which would prevent a few corporations from acquiring unlimited quantities of cane lands, perhaps all in Porto Rico, is a salutary one, but on the other hand, to confine ownership to tracts of 500 acres is to encounter the danger of a limitation which may retard development through the usual means of corporate organization. The subject is important, and our observation has led us to believe that it would be wise to allow somewhat larger but always restricted ownership.

Franchises.—Franchises are granted by the executive council after formal application and hearing. Report of those granted is made to Congress through the President. In those which have been given, the council has required royalties in the way of percentages of gross receipts. The principle thus established is sound, and as the business of the grantee develops, the returns to the public will increase.

CONCLUSION.

Having referred to the more important topics which have presented themselves as proper to lay before you, I close my report. The year

has had its full share of anxieties. Obstacles have presented themselves, difficulties have not been unknown. They will continue for years. But no such work as the United States is doing in Porto Rico can succeed without its accompanying troubles and its inevitable cares. Patience, good sense, and courage are necessary to insure that measure of progress which every good citizen desires. We shall go ahead with determination, relying upon the patriotism of the islanders and your own fair judgment and that of the American people generally.

In looking to the future, it is pleasant to tell you that the public service in the island is most faithful and efficient. Nor is this commendation due to heads of departments only; it is sincerely meant for the whole civil service. It would be hard to find a better organization. The standards exacted for appointment and tenure have been honesty, loyalty to the institutions of the United States, and capability. These have been lived up to in a way that should excite the pride of those who have watched the building up of civil government in Porto Rico. It is my intention to recommend to the legislative Assembly the adoption of a civil service law.

I have the honor to repeat my confidence in the good sense and moderation of the people of the island, and my conviction that under the present wise form of government they will steadily go forward toward the best American nationalism.

I have the honor to be, sir, your obedient servant,

WILLIAM H. HUNT, *Governor.*

The PRESIDENT

(Through the Secretary of State).

APPENDIX.

APPENDIX.

REPORT OF THE SECRETARY.

SECRETARY'S OFFICE,

San Juan, P. R., June 12, 1902.

SIR: I have the honor to submit herewith a report covering the transactions of the office of the secretary of Porto Rico from May 1, 1901, to June 1, 1902.

Under the laws which have been enacted since the establishment of civil government in Porto Rico, as well as by the provisions of royal decrees and military orders having the force and effect of law, a very large proportion of the duties devolving upon the office of the secretary pertain to administrative control over municipal affairs of the island, and much of the time of the assistants and clerical force in the office of the secretary is occupied in the translation, classification, and determination of questions affecting municipalities and their due and orderly administration. The centralization of power in the head of the executive department, which was one of the distinguishing characteristics of the Spanish method of municipal control, having become so firmly established upon the island, it becomes difficult for the citizens to realize the division of authority, responsibility, and duties which always accompanies American governmental methods, which are being introduced into Porto Rico as rapidly as can be done consistently with the due and orderly administration of government.

Since the filing of the report of my predecessor the records of the secretary's office show a vast number of appeals in questions relating to municipal control, many of a character which should, and undoubtedly will, later, be matters entirely for judicial rather than administrative determination; but inasmuch as the courts as well as the executive department are passing through that period of reorganization and transition which necessarily accompanies the subdivision of authority and duties into the three great governmental divisions, these duties have continued with the secretary, and have been administered accordingly. A careful study of the entire situation confronting the insular government, as an actual experience of two years under civil government has developed it, leads to the conclusion that, for an indefinite period at least, it will not only be the part of wisdom,

but it will be necessary to the best interests of the people as well as of the government to continue to provide a direct, speedy, and, what is even more important, an economical method for the determination of those questions of administration of municipal affairs which so constantly arise and require immediate solution. Many of these questions are controversies of a character which makes them of general interest in the community in which they arise, but which would not justify the individual expense incident to the institution of legal proceedings for their determination, and it will be many years before the people of Porto Rico will be able to fully realize the full scope of power and duty which is by the new system reposed in the judicial department, or to fully realize the division of power and duty which accompanies it. Again, unfortunately, the practice of directing the authority lodged in municipal affairs to improper political uses has continued to prevail in many instances, and while this department has endeavored in every possible way to impart to the municipal officials not only the wisdom, but the absolute necessity of conducting the affairs of their various municipalities impartially and without regard to party politics, it is still one of the most serious problems which confront our administration, and one which a considerable period of time and constant effort alone can hope to overcome; and while the municipalities have a nominal division under existing laws and a classification in form of government, yet it is unfortunately true that the paramount distinction between municipalities at present is that which marks the name of the political party whose members administer the affairs of each municipality. During the past year this condition has been somewhat modified by the very wise custom established by your excellency in the filling of vacancies caused by resignations and otherwise in the various municipal councils by the selection of members of the opposite political party from that holding the majority in the council, and thus creating minority representation in various of the municipal councils. The good effects of this course of procedure are plainly apparent in a number of instances where complaints relating to the abuse of authority have been very much reduced, because of the check offered by the operation of this policy, and there can be no doubt but that its continuance, and the creation of minority representation whenever circumstances will permit, will do much toward the alleviation of many of the usurpations of power which have been only too common in the municipalities.

The system of insular police, so wisely established by the first session of the legislative assembly, has proven most successful in its field of operation, and that field has been so extended that at the present time there are but two cities on the island in which municipal police are maintained, i. e., Mayaguez and Ponce; and it is a great pleasure to report that the operations of the police department, under the effi-

cient control of the board of police commissioners and the chief appointed by the governor, have proven a most efficient aid, not only in the preservation of peace and good order throughout the island, but also in making effective the administrative orders issued by this office. Being entirely nonpartisan in its character, it becomes at once a most effective agent in this direction, and I am thoroughly convinced it is as nearly an ideal institution of this character as has yet been formulated in any city or country in the world. The last session of the legislative assembly amended and revised the law relating to the insular police, in some respects extending its jurisdiction and perfecting the method of its operations, so that at the present time it would be hard to suggest any better agency for the effective administration of law and administrative orders than is thus afforded, and the only suggestion occurring in connection with this subject would be the further extension of its field of operation to the two cities which are still, at an unjustifiable expense, laboring under a heavy burden of indebtedness in maintaining their municipal police system.

The second session of the legislative assembly enacted several laws of great importance to municipalities, which have received the sanction of the governor, and which will become effective by their terms on the 1st day of July, 1902. The first and most important of these is entitled, "An act for the consolidation of certain municipal districts of Porto Rico," and by its terms it provides for the disincorporation of 20 existing municipalities and the annexation of the territory of such disincorporated towns to the more populous adjoining municipalities. This act of the legislature, which created a greater amount of discussion and encountered more hostility than any other act of the legislative assembly, is directly authorized by section 32 of the act of Congress providing revenues and a civil government for Porto Rico, and was the result of much consideration on the part of the members of the legislative assembly.

Many of the municipalities whose independent existence is thus eliminated have been in existence for hundreds of years, and it is but natural that the inhabitants, and particularly those who have been accustomed to occupy the municipal offices and control the political destinies of the respective communities, should seriously and earnestly protest against any such contemplated action; and it is more than possible that a solution of the problem, equally effective and meeting with less hostility, might have been evolved by permitting such municipalities to retain a semi-independent existence, with a very limited number of officials and at a very much reduced rate of expense. The necessity of taking some action to reduce the number of municipalities, or the expense of municipal government, was concededly apparent to all. The moneys raised by taxation, both the property tax and the special license tax of the municipality itself, were all used in the pay-

ment of salaries to lists of petty officials wholly disproportionate to the size of the municipality or the number of its inhabitants, and any attempt made by the insular authorities to induce the reduction either of the number of officials or the number of salaries was uniformly unsuccessful. In fact, some of the municipalities, as shown by the records, were not able to pay the salaries of their officials by devoting the entire funds received from all sources to that purpose, leaving a deficit at the end of each fiscal year and allowing nothing for the payment for needed public improvements; and the problem was presented by the governor to the legislative assembly for its solution, in the alternative aspect, either by a reduction in the number of municipalities, or by the classification and limitation of the number and salaries of their respective officials. The legislature chose the former alternative, and, as the result, the number of municipalities on the island will, after the 1st day of July, be reduced from 66 to 46.

Should it be developed, between the 1st day of July of this year and the meeting of the next session of the legislative assembly in January next, that the other alternative suggested by the governor would have been the wiser one, it should be a comparatively simple problem to restore to those communities a limited autonomy and control over local affairs, and I have no doubt but that the legislative assembly will willingly adopt whatever recommendation the governor shall submit to them in that behalf.

The legislative assembly also enacted a general law concerning municipalities which seems to have met with cordial approval in all parts of the island. This act, to a large extent, codifies various of the royal decrees and general orders under which the municipal system in Porto Rico has heretofore been conducted, and in addition distinctly provides the duties, limitation, and in some instances the salaries to be paid to municipal officials, making a distinct classification between those municipalities having a total population of 20,000 inhabitants and over and those having less than 20,000 inhabitants. The duties of the mayor and the other executive officers provided for in the act are distinctly defined, and the authority of the municipal councils, to be elected under its terms, is limited and fixed. Each municipality shall have a mayor, secretary, treasurer, comptroller, and inspector of public works, a health officer, and an organized charity department, and the maximum salaries to be paid to these respective officials are fixed and determined. In municipalities having a population of 20,000 inhabitants or over there shall be 9 members of the municipal council, and in municipalities having a population of less than 20,000 there shall be but 5 members in the council. This, of itself, is a most laudable reform, inasmuch as at the present time the municipal councils for even the smallest places range as high as 12 to 15 members, and it is one of the great hindrances to the successful performance of the duties devolving upon the secretary, inasmuch as it is very difficult in

many instances to secure a quorum of such councilmen to meet in order to transact municipal business. The bill in question extends the authority of the city councils in many respects, and authorizes the determination by the municipal officials of many questions which are now required to be submitted to the superior authority for approval before becoming effective, and instead of continuing the present system, which has been handed down to us as a part of the Spanish method, of requiring various projects to be submitted to the secretary or governor for approval before action can be taken by the municipality, a system of appeals is provided in said act either to the secretary or to the court of proper jurisdiction in any case where excess of authority or injury to the general interests of the community shall be alleged, in any action of the council or other municipal officer. It is believed that this system will afford much relief to the secretary's office, inasmuch as questions will not be first submitted for determination or approval by the superior authorities, but only those appeals of taxpayers or residents who believe themselves or the general interests of the municipality to be injuriously affected by the action which shall be taken will be considered. There can be no doubt but that the act in question will greatly simplify the administration of municipal affairs, and while amendments will undoubtedly suggest themselves from time to time, it will form a suitable basis upon which to found a permanent municipal law of the island.

The third act relating to municipalities provides for the application of the act just referred to to cities having an urban population of 8,000 inhabitants or over, and provides that as to such cities the municipal council shall consist of 15 members; that the limitation of certain of the salaries fixed in the general act shall be increased; that the city councils shall have certain additional authority therein enumerated; and authorizes the executive council to decide all disputes arising in connection with the application or enforcement of the general municipal act as well as this amendment to it.

It will thus be seen that the last legislative assembly has taken a great step forward in the problem of municipal control, and the faithful application of these laws will surely do much, not only to bring about that simple and direct method of municipal government which characterizes American municipal administration, but to cause the people of Porto Rico to realize many direct advantages and benefits to which they have hitherto been strangers.

A number of the cities in Porto Rico, taking advantage of the act which was passed by the first session of the legislative assembly authorizing the creation of an indebtedness and the issuance of bonds for the purpose of securing funds for needed public improvements, have successfully negotiated loans in the United States at reasonable rates of interest, and many public improvements will undoubtedly result which would have been impossible of realization without the

establishment of that degree of public credit which has resulted from the improved conditions apparent since the establishment of civil government; and the fact that the bonds of several of our cities, bearing 6 per cent interest, have been disposed of at a premium indicates that the conditions of municipal affairs, as viewed by the conservative eye of capitalists, are certainly very much improved.

I have prepared and caused to be attached hereto certain exhibits showing the transactions of the office of the secretary, including exhibits—

A.—A summary of documents filed in this office during the period from May 1, 1901, to May 1, 1902.

B.—A list of persons who have taken the oath of allegiance before municipal judges and filed the same in this office. In this connection I would report that several months ago all the municipal judges were notified to discontinue the practice of administering such oath of allegiance, inasmuch as we were of the opinion that the taking of such oath, in accordance with the terms of the original military order, was ineffectual for any purposes under the civil government, and it was deemed wise to discontinue the practice of receiving the same.

C.—A list of the associations registered during the period covered by this report, in accordance with the regulations and laws in existence at the time of the establishment of the civil government.

D.—A list of appointments by the governor.

E.—A list of all the proclamations and executive orders.

F.—A list of all the pardons issued during the said period.

G.—A list of notaries whose credentials have been duly registered in the office of the secretary from April 1, 1901, to June 1, 1902.

H.—A memorandum of the fees collected in the office of the secretary from April 1, 1901, to June 1, 1902.

I.—A list of foreign corporations which have filed their articles of incorporation in the office of the secretary during the period covered by this report.

In the matter of corporations operating and doing business in Porto Rico, the law relating to foreign corporations which was passed by the first session of the legislative assembly was practically reenacted by the second session of the assembly, with a few slight amendments, principally relating to the fees for registration in the secretary's office. In this connection I am pleased to report that the last session of the legislative assembly adopted a complete and what is believed to be a most satisfactory law for the regulation and incorporation of domestic corporations, the statute being largely taken from the admirable law of New Jersey on this important subject. By this statute a complete system is provided for the formation, operation, and regulation of domestic corporations, and the fees to be paid to the government are prescribed, the same being graded in accordance with the amount of capital stock of the proposed corporation. This statute was

one which was much needed, inasmuch as the matter of the incorporation of local companies was controlled by a system many of the provisions of which were obscure, and which were of a character to discourage any attempt at incorporating, and it is believed that the enactment of this statute will do much to invite and assure the investment of capital in local enterprises, and thus result in very material advantage to the island. This law becomes effective on the 1st day of July, 1902.

J.—List of applications for franchises, privileges, and concessions filed with the executive council of Porto Rico from April 1, 1901, to June 1, 1902, showing the action taken by the council thereon.

The duties of the executive council have occupied a large proportion of the time of the heads of the various executive departments, who are by law constituted members of said body, and the secretary, being charged by law with the custody and keeping of the minutes of the executive council, I have therefore presented this exhibit.

In the matter of elections, new laws were enacted by the last session of the legislative assembly, regulating the holding of elections, and providing for the registration of voters, both of which follow substantially the general orders and provisions under which the first general election had already been held in Porto Rico, and the rules which have been established by the executive council with respect thereto. The system is practically that known as the Australian system of voting, and many of the best provisions taken from the laws of the various States on this important subject have been embodied in this revision, which, it is believed, presents a complete and satisfactory election code, and one which will do much to secure a peaceful and fair election to the citizens of the island. The matter of the regulation and control of election officers, and the details regarding the holding of the election, are again confided to the judgment of the executive council, and steps are already being taken to prepare for the holding of a general election which will occur on the first Tuesday of November, 1902, and to secure the full and free opportunity to all those entitled to the ballot who shall desire to participate at that time.

Grants of franchises, rights and privileges, or concessions of a public or quasi public nature in Porto Rico, can only be made by the executive council, with the approval of the governor, and all franchises granted in Porto Rico shall be reported to Congress, which hereby reserves the power to annul or modify the same.

These were the provisions of the organic act of Congress creating a civil government in Porto Rico, and they were subsequently modified by Congress to provide—

That all railroad, street railway, telegraph, and telephone franchises, privileges, or concessions, shall be approved by the President of the United States, and no such franchise, privilege, or concession shall be operative until it shall have been so approved.

And the same was also amended to provide—

That all franchises, privileges, or concessions shall be subject to amendment, alteration, or repeal, and forbids the issue of stock or bonds, except in exchange for actual cash or property at a fair valuation, equal in amount to the par value of the stock or bonds issued; shall forbid the declaring of stock or bond dividends; and in the case of public service corporations, shall provide for the effective regulation of the charges thereof or for the purchase or taking by the public authorities of their property at a fair and reasonable valuation.

In addition to this it is further provided that—

No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed 500 acres of land.

It will thus be seen that the matter of granting franchises, privileges, and concessions in Porto Rico has been thoroughly hedged about with conditions, limitations, and requirements of final approval, which would seem to guarantee the island against any wasteful dissipation of public or quasi-public privileges or rights, and the policy indicated by the sections quoted has been fully appreciated and borne in mind by the executive council in its action on the various applications presented to it. At the same time, it has been the desire of the executive council at all times to encourage the investment of capital in such enterprises as would most speedily develop the natural resources and increase the prosperity of the island.

The railway company which was operating on the island at the time of the establishment of civil government, and known as the French Railway Company, has lately been reorganized in the United States, and is now known as the American Railroad Company of Porto Rico, and under the terms of the settlement of existing questions between the said company and the insular government, which was entered into by the executive council and approved by the President of the United States, the said reorganized company has contracted for and is now engaged in the extension of its railway lines, and assures the Government of its intention to continue such construction until the system originally contemplated for encircling the island shall have been completed.

In addition to this, the Port America Railway Company, holding a franchise for the construction of certain railway lines in Porto Rico, which franchise was duly approved by the President of the United States, has notified the executive council that it has commenced the work of constructing the lines of railway authorized by this franchise.

The construction of a water-power plant at Comerio, under a franchise granted by the executive council to Mr. Valdez, has been somewhat interfered with by certain legal proceedings which have been instituted by parties claiming that private interests held by them

would be interfered with by the construction of the proposed improvements, and the said litigation is now pending in the Supreme Court of the United States, with every assurance that there will be an early and final determination thereof.

The executive council committee on franchises and concessions has labored faithfully and conscientiously in the consideration of the various applications which have been presented to the council, and it is believed that a continuance of the present conservative policy, as pursued by said committee, will bring about the most beneficial results to the island and to the Government.

Among the other laws enacted by the last session of the legislative assembly was one which provided for the complete codification and publication of all the laws passed at both sessions of the legislative assembly, and which remain in force. This work has been progressing under the supervision of the secretary and will result in the production of a volume of revised statutes, comprising approximately 1,300 pages, which we hope to have ready for distribution about the 1st of August, 1902. The work will be published in both English and Spanish, and I am very confident that it will present, as the result of the work of legislation enacted at the two sessions of the legislative assembly, a system of laws largely taken from the most modern and approved American statutes covering the same subjects, and the operation of which will form the most secure foundation for the future successful government of the island under American administration.

The present force of the secretary's office consists of 1 assistant secretary, 1 chief clerk, 1 chief clerk of the executive council, 1 official interpreter, 2 translators, 13 clerks, including stenographers, and 2 messengers, there being in addition, 2 clerks, and 1 messenger for the executive council.

The methods of both these offices have been systematized, and their progress is entirely satisfactory.

Very respectfully,

CHAS. HARTZELL, *Secretary.*

The GOVERNOR OF PORTO RICO,

San Juan, P. R.

EXHIBIT A.

Summary of documents, etc., handled in the office of the secretary from May 1, 1901, to May 1, 1902.

Documents filed in the executive mansion file.....	7,500
Documents filed in the secretary's office file.....	3,500
Documents filed in the appointment file	4,000

Making a total of 15,000 documents, each one of which has been briefed, indexed, and recorded.

Publications mailed.

Laws of the First Legislative Assembly	250
Provisional Publication of Laws of Second Session of the First Legislative Assembly	150
First Annual Register of Porto Rico	2,300
Governor's Message to the Legislative Assembly	500
Total	3,200

EXHIBIT B.

Aliens who have sworn allegiance to the Government of the United States, from April 1, 1901, to June 1, 1902.

Citizens of—

Spain.....	2
France	1
Balearic Islands	2

EXHIBIT C.

Associations registered from April 1, 1901, to June 1, 1902.

Name and location.	Date on which regulations were presented in this office.	Date on which the first regulations were or are to be considered approved.	Remarks.
Colonia Española de San Juan de Puerto Rico, San Juan.	Apr. 23, 1901	May 1, 1901	
Centro Unión, Mayagüez.....	May 1, 1901	Oct. 9, 1888	Constituted under Spanish rule. Do.
Círculo Unión, Cayey	May 25, 1901	July 20, 1894	
Club Federal de Obreros y Braceros, Juncos.	Mar. 29, 1901	Apr. 6, 1901	
Círculo Obrero, Río Piedras	July 3, 1901	July 11, 1901	
Círculo de Obreros y Trabajadores de Sabana Grande, Sabana Grande.	Feb. 27, 1901	Mar. 7, 1901	Dissolved on Oct. 6, 1901.
Centro Espiritista Unión del Progreso, Caguas.	Apr. 29, 1901	May 7, 1901	
Estreña de Luquillo, San Juan.....	May 17, 1901	May 25, 1901	
Unión Ibero-Americana, San Juan	May 23, 1901	May 31, 1901	
Country Club of San Juan, San Juan.....	July 22, 1901	July 30, 1901	
Caballeros de San Juan, San Juan.....	Aug. 8, 1901	July 12, 1895	Constituted under Spanish rule; dissolved on Apr. 9, 1902.
The Society for Prevention of Cruelty to Animals, Ponce.	June 26, 1901	July 4, 1901	
Palafox No. 174, San Juan.....	Oct. 26, 1901	Nov. 3, 1901	
Fiat Lux, Coamo.....	Dec. 14, 1901	May 4, 1884	Constituted under Spanish rule.
St. John the Baptist No. 12, San Juan	Mar. 22, 1901	Mar. 30, 1901	
Buenas Costumbres, Cayey	Dec. 16, 1901	Feb. 15, 1890	Do.
El Lazo Rojo, San Germán	Sept. 17, 1901	Sept. 25, 1901	
Colonia Española de la Carolina y pueblos límitrofes, Carolina.	June 17, 1901	June 25, 1901	
El Ahorro de los Mensajeros y Conserjes, San Juan.	Jan. 17, 1902	Jan. 25, 1902	Dissolved on May 13, 1902.
Unión del Gremio de Panaderos, Bayamón.	Feb. 15, 1902	Feb. 23, 1902	
Gremio de Industriales de San Juan, Porto Rico, San Juan.	Sept. 20, 1901	Sept. 28, 1901	
Auxilio Mútuo, Mayagüez	Sept. 25, 1901	Oct. 3, 1901	
Asociación de Católicos, San Juan	Feb. 15, 1902	Feb. 23, 1902	
Unión Club, Caguas	Jan. 11, 1902	Jan. 19, 1902	
Gremio de Tabaqueiros Torcedores de Ponce, P. R., Ponce.	Nov. 30, 1901	Dec. 8, 1901	
Caridad, San Juan	Feb. 3, 1902	Feb. 11, 1902	
Casino de Mayagüez, Mayagüez.....	Mar. 20, 1902	.....	Constituted under Spanish rule.
Casino de Fajardo, Fajardo	Dec. 12, 1901	Dec. 20, 1901	

Associations registered from April 1, 1901, to June 1, 1902—Continued.

Name and location.	Date on which regulations were presented in this office.	Date on which the first regulations were or are to be considered approved.	Remarks.
Casino Espa�ol, Manat�i	Feb. 5, 1902	Feb. 13, 1902	
Gremio de Tabaqueros de Bayam�n, Bayam�n.	Nov. 29, 1901	Dec. 7, 1901	
Unión de Amigos, Mayag�ez.....	Dec. 30, 1901	Jan. 7, 1902	
Unión Mercantil de Bayam�n, Bayam�n.....	Feb. 15, 1902	Feb. 23, 1902	
El Lazo Fraternal, Guayanilla.....	Feb. 7, 1902	Feb. 15, 1902	
Gremio de Tabaqueros de Comerio, Comerio.	June 26, 1901	July 4, 1901	
Un�nion Filarm�nica, Santa Ysabel.....	Mar. 3, 1902	Mar. 11, 1902	
The Church of Jesus, Ponce.....	Mar. 19, 1902	Mar. 27, 1902	
Gremio de Tablajeros de San Juan, San Juan.	Mar. 24, 1902	Apr. 1, 1902	
Circolo Cat�lico, Ponce	Apr. 15, 1902	Apr. 23, 1902	
Sociedad del Gremio de Plomeros de San Juan, San Juan.	Mar. 5, 1902	Mar. 13, 1902	
Un�nion de Braceros, San Juan	Mar. 12, 1902	Mar. 20, 1902	
Centro Luz de la Verdad de la Villa de Adjuntas, Adjuntas.	Mar. 24, 1902	Apr. 1, 1902	
Church of St. John the Baptist, San Juan..	Mar. 27, 1902	Apr. 4, 1902	
Gremio de Tabaqueros de la Villa de Vega Baja, Vega, Baja.	Mar. 18, 1902	Mar. 26, 1902	
Un�nion del Gremio de Cocheros de la ciudad de Ponce, Ponce.	Apr. 1, 1902	Apr. 9, 1902	
Un�nion de Torcedores de Tabacos de Caguas, Caguas.	Apr. 11, 1902	Apr. 19, 1902	
Gremio de Zapateros de Caguas, Puerto Rico, Caguas.	Apr. 12, 1902	Apr. 20, 1902	
Un�nion del Gremio de Panaderos, Vega Baja.	Apr. 26, 1902	May 4, 1902	
Gremio de Panaderos de la ciudad de Caguas, Caguas.	May 14, 1902	May 22, 1902	

STATEMENT OF ASSOCIATIONS THE REGULATIONS OF WHICH HAVE BEEN PRESENTED IN THIS OFFICE AND HAVE NOT BEEN ENTERED IN THE PROPER REGISTER, BECAUSE THE RECORD OF CONSTITUTION OF SAME HAVE NOT AS YET BEEN RECEIVED.

Gremio de Panaderos, Arecibo	Apr. 17, 1902	Apr. 25, 1902	
Asociaci�n Unionada de Trabajadores, Manat�i.	Apr. 22, 1902	Apr. 30, 1902	
Gremio de Tip�grafos, San Juan	May 7, 1902	May 15, 1902	
Gremio de Tabaqueros de Ciales, Ciales.....	.....do.....	.....do.....	
Un�nion del Gremio de Panaderos de Santa Ysabel, Santa Ysabel.	May 8, 1902	May 16, 1902	
Gremio de Tabaqueros de la ciudad de Mayag�ez, Mayag�ez.	May 9, 1902	May 17, 1902	
Un�nion del Gremio de Panaderos de Juana Diaz, Juana Diaz.	May 26, 1902	.....

EXHIBIT D.

Appointments.

Name and date.	Office.	Address.
Apr. 10, 1901:		
Chas. H. Mead.....	Police judge.....	Guayanilla.
Victoriano Rodr�guez.....	Councilman	Mayaguez.
Concepcion Vicente .....	.....do.....	Do.
Antonio Zechini .....	.....do.....	Rio Grande.
Celedonio Blanco.....	.....do.....	Toa Alta.
Jos� Calderon Aponte .....	.....do.....	San Juan.
Jos� S. Gorbea.....	.....do.....	Do.
Francisco Olivar .....	.....do.....	Do.
Roberto H. Todd .....	.....do.....	Do.
Manuel Rodr�guez .....	.....do.....	Do.
Juan Giraldez.....	.....do.....	Adjuntas.
Apr. 16, 1901:		
Teresa Antonsanti	Honorary member of the directory of the woman's department for the Pan-American Exposition.	

Appointments—Continued.

Name and date.	Office.	Address
Apr. 20, 1901: B. H. Osterhoudt	Delegate to represent the island of Porto Rico at the Twenty-eighth National Conference of Charities and Corrections held at Washington, D.C., May 9-15. .do	
Hon. Frederico Degetau .....	.do	
Mr. Francis Dumaresq .....	.do	
Apr. 27, 1901: José Rojas Cortes	Police judge	Barros.
Roberto Vivas	Councilman	Do.
Francisco Carreras .....	.do	Do.
Carmelo Carlos .....	.do	Mayaguez.
Salustiano A. Arcelay .....	.do	Añasco.
Juan Balsac .....	.do	Mayaguez.
Julio P. Castro .....	.do	Cabo Rojo.
Francisco Trinidad .....	.do	Rio Grande.
Aniceto Berrios	Alcalde	Barros.
May 8, 1901: Mrs. Margaret Harrison	Honorary member of the directory of the woman's department for the Pan-American Exposition.	
May 15, 1901: José Herrero	Councilman	Humacao.
Alfonso O'Neill .....	.do	Vieques.
Joaquin Suro .....	.do	Manati.
Osvaldo Freytes .....	.do	Do.
Francisco Casellas .....	.do	Adjuntas.
Dionisio Velez .....	.do	Do.
Pedro Segarra .....	.do	Do.
Ramon Perez .....	.do	Do.
Juan Latallade .....	.do	Patillas.
Benito Aponte .....	.do	Caguas.
Armando Badrena .....	.do	Mayaguez.
Pedro Grau .....	.do	Do.
Genaro Cortes .....	.do	Do.
José Julian Pagan .....	.do	Juana Diaz.
José M. Rodriguez .....	.do	Do.
Victoriano Rodriguez .....	.do	Coamo.
Francisco C. Ortiz .....	.do	Cabo Rojo.
José A. Busigó .....	.do	Sabana Grande.
June 19, 1901: Mateo Fajardo	Alcalde	Mayaguez.
Ezequiel Rivera	Councilman	Guayanilla.
Gerardo Gonzalez .....	.do	Las Marias.
Manuel Irizarri .....	.do	Sabana Grande.
Juan de Jesus de Nazario .....	.do	San German.
Ulises Gregory .....	.do	Do.
Pedro M. Matos .....	.do	Mayaguez.
Rudolfo Gautier .....	.do	Do.
Salvador Maldonado .....	.do	Peñuelas.
Manuel Rodriguez Aleman .....	.do	Do.
Ramon B. de Leon .....	.do	Aguas Buenas.
June 29, 1901: Arturo Aponte .....	.do	Cayey.
J. R. Latimer .....	.do	San Juan.
German Wolker .....	.do	Do.
Rosendo Rivera Noa .....	.do	Do.
July 1, 1901: Pio Rechani .....	.do	Aguas Buenas.
Jacobo Córdova .....	.do	Do.
Francisco Flores .....	.do	Do.
Apolinar Diaz Delgado .....	.do	Do.
Buenaventura Diaz .....	.do	Do.
Liberio Córdova .....	.do	Do.
July 9, 1901: Ramon B. Leon .....	.do	Coamo.
Ramon B. Lopez	Honorary member of Porto Rico commission at the Pan-American Exposition.	
July 12, 1901: Antonio Mariani	Alcalde	Yauco.
Luis Bernard Rivera	Councilman	Adjuntas.
Francisco Garcia Villalobos .....	.do	Maricao.
Evaristo Camacho .....	.do	Manati.
Tomas Cebollero .....	.do	Do.
Juan Santana .....	.do	Do.
Juan de Jesus .....	.do	Guayanilla.

Appointments—Continued.

Name and date.	Office.	Address.
July 12, 1901—Continued.		
Joaquin L. Lugo	Councilman	Guayanilla.
José Velez Arroyo.....	do	Maricao.
McCardo Rivera	do	Naranjito.
July 13, 1901:		
José Tous Soto	Fiscal, district court of Humacao.	
Juan M. Kearney	Justice, district court of Humacao.	
July 17, 1901:		
Juan Choppins.....	Councilman	Ponce.
Alfonso Suro.....	do	Do.
Antonio Arias.....	do	Do.
July 19, 1901:		
David Carrion	Alcalde	Loiza.
José R. Anguita	Councilman	Juncos.
Domingo Vergara	do	Aguas Buenas.
Plácido Padilla	do	Naranjito.
José Martinez Espino	do	Humacao.
July 31, 1901:		
Evaristo Ramos	do	Camuy.
Antonio Roig	do	Humacao.
Julian C. Rivera	do	Coamo.
Carlos Alvarez	do	Do.
Alfredo Salgado	do	Mayaguez.
Juan R. Rodriguez	do	Do.
Federico Gatell	do	Do.
Hermenegildo Gonzalez	do	Bayamon.
Manuel Cruz	do	Peñuelas.
Heracio Perez	do	Do.
Pedro Pagan Ruiz	do	Moca.
Miguel A. Babilonia	do	Do.
Pablo Bernard	Police judge	Cidra.
Francisco Vallecillo	Fiscal, district court of Ma- yaguez.	
Jesus M. Rossy	Fiscal, district court of San Juan.	
Aug. 12, 1901:		
Dr. William Fawcett Smith	Delegate from the island of Porto Rico to the Ameri- can Public Health Asso- ciation at its annual meet- ing held in Buffalo in the year 1901.	
Aug. 19, 1901:		
Martin Acevedo	Councilman	Aguas Buenas.
Luis Obdulio Muñoz	do	Do.
Aug. 27, 1901:		
Genaro Nazario	do	Utuado.
Sept. 10, 1901:		
Francisco Verar	Leader insular police band, with rank of second lieu- tenant.	
Oct. 11, 1901:		
Jacinto Morales	Alcalde	Loiza.
Buenaventura Diaz	do	Aguas Buenas.
Eleuterio Landron	Councilman	Rio Piedras.
Antonio Zayas	do	Do.
Nicanor Riojas	do	Toa Baja.
Victor Honoré	do	Mayaguez.
Ramon Maldonado Gazo	do	Manati.
Juan Isern Gimenez	do	Caguas.
Julio Benito Rivera	do	Coamo.
Antonio Llabres Cintron	do	Arroyo.
Francisco Miranda	do	Do.
Juan Roig	do	Yauco.
Luis Morales	do	Do.
Leandro Aponte	do	Yabucoa.
José C. Berrios	do	Do.
José Rodriguez Soto	do	Sabana Grande.
Euclides Saaneda	do	Do.
Nicolas Vasquez	do	Do.
Juan B. Romero	do	Toa Baja.
Ramon Jiminez Rodriguez	do	Aguada.
Cornelio Ruiz Gonzalez	do	Do.
Patricia Rivera	do	Aguas Buenas.
Juan E. Silvestre	do	Cabo Rojo.
Tomas M. Marini y Ramirez	do	Do.
Oct. 14, 1901:		
Francisco Mendez	do	Manati.
Oct. 31, 1901:		
Clarence H. Tingle	Captain of the port of San Juan.	

Appointments—Continued.

Name and date.	Office.	Address.
Nov. 7, 1901: John J. Coady	Commissioner of deeds for State of New York.	
Thomas J. Hunt	Commissioner of deeds for State of Pennsylvania.	
George W. Hunt	do	
Isaac M. Aron	Commissioner of deeds for State of New York.	
Abraham H. Fisher	Commissioner of deeds for State of Maryland.	
Nov. 13, 1901: José Ma. Marina	Councilman	Loiza.
José Sosa Oliva	do	Do.
Ramon Marchan	do	Manati.
Eduardo Georgetti	do	Do.
José Sicard Massari	do	Patillas.
Simon B. Bonelli Rodriguez	do	Sabana Grande.
Sinfioriano Rodriguez	do	Juana Diaz.
Luis F. Padilla	do	Do.
Alfredo Egipciaco	do	Moca.
José Jesus Melendez	do	Barros.
Amadeo Barredo	do	Do.
Pedro M. Alfaro	do	Do.
Ramon Muñoz Diaz	do	Aguas Buenas.
Rafael Arrillaga	do	Añasco.
Patricio J. Lopez	do	Humacao.
Regis Ramos	do	Caguas.
José Molina Muñoz	do	Do.
Luis Santiago	do	Comerio.
Cornelio Ayala	do	Toa Baja.
Octavio Ramirez	do	Humacao.
Leonardo Acosta Ruiz	do	Hatillo.
Luis Stella Rodriguez	do	Guayanilla.
Dec. 27, 1901: Teodoro Gonzales	Police judge	Aibonito.
Eladio Miranda	do	Dorado.
Feb. 19, 1902: Gustavo Nin	do	Yauco.
Mar. 31, 1902: Antonio F. Castro	Secretary supreme court of San Juan.	
Ernesto Lopez Dias	Captain, insular police	
Felipe Silen	First lieutenant, insular police.	
Francisco Tallada	do	
Jesus Carbó	Second lieutenant, insular police.	
José Justice	do	
Remigio Castro	do	
José Soto Rodriguez	do	
Apr. 1, 1902: Luis Amedeo Bonnet	Alcalde	Vieques.
Antonio Sanchez Ruiz	do	Aguada.
Antonio Tacoronte	Councilman	Adjuntas.
José Cobian Rivera	do	Do.
Pio Rechani	do	Aguas Buenas.
Juan Merli	do	Aibonito.
José Rivera Torres	do	Do.
José A. Bigles	do	Do.
Gerónimo Rivera	do	Arecibo.
Luis de Ealo	do	Caguas,
Julio Santana	do	Carolina.
Ramón Rodriguez	do	Cayey.
Arturo Diaz	do	Do.
Antonio Ramirez	do	Coamo.
Julio B. Martinez	do	Fajardo.
José A. Veve	do	Do.
Faustino Quiñones	do	Humacao.
Florencio García Lebron	do	Las Marias.
Juan A. Rivera	do	Do.
Santiago Rodriguez	do	Manati.
Antonio Rosado	do	Do.
Jaimé Padró	do	Maricao.
Antonio Bonelli	do	Morovis.
Heracio Rivera	do	Río Grande.
Francisco Trinidad	do	Río Piedras.
Enrique Burgos	do	San Germán.
Tomas Agrait Font	do	San Juan.
Manuel Paniagua Oller	do	Do.
Carlos M. Soler	do	Do.
Julio Larrinaga	do	Toa Alta.
Joaquín Diego	do	

Appointments—Continued.

Name and date.	Office.	Address.
Apr. 1, 1902—Continued.		
Francisco R. Romero	Councilman	Toa Alta,
Manuel Lopez .....	.do	Vega Baja.
José Dolores Echevarria .....	.do	Utuado.
May 1, 1902:		
José Gomez .....	.do	Hato Grande.
Francisco Selles .....	.do	Do.
Henry W. Dooley .....	.do	San Juan.
May 7, 1902:		
Henry F. Hord	Justice, district court of San Juan.	
Dr. F. R. Goenaga	Delegate to National Conference of Charities and Correction at Detroit, Mich.	
Dr. José L. Viña .....	.do	
Federico Degetau .....	.do	
May 23, 1902:		
Rafael Tirado	Fiscal, district court of Humacao.	
Arthur E. Linhart	Justice, district court of Humacao.	
Ulpiano Valdes	Fiscal, district court of Mayaguez.	
Jesus Pereyo	Councilman	Naguabo.
Jesus M. Amadeo .....	.do	Toa Alta.

EXHIBIT E.

Executive orders and proclamations.

April 3, 1901.—Proclamation by the acting governor directing that Friday, April 5, 1901, (Good Friday), be observed as a holiday.

May 25, 1901.—Executive order directing all offices of the insular government to be closed on Saturday at 12 o'clock noon on and after June 1, 1901.

May 27, 1901.—Executive order directing that the 30th day of May be observed as a holiday (Memorial Day).

May 29, 1901.—Executive order directing all public contracts entered into by heads of departments and other insular officials contain a provision that payment for all labor and other services rendered under such contracts be made by the contractor in money of the United States.

June 10, 1901.—Executive order suspending Pedro Rivera from office of alcalde of Cayey.

June 22, 1901.—Proclamation summoning an extraordinary session of the legislative assembly to meet at the capital July 4, 1901, at 10 a. m.

July 1, 1901.—Proclamation that July 4, 1901, be observed as a holiday.

July 15, 1901.—Executive order issued by the acting governor declaring vacant the office of Leocadio Lopez, councilman of Hatillo.

July 20, 1901.—Executive order directing all departments of the government to be closed on July 25, 1901, a legal holiday commemorating the landing of the first American troops in Porto Rico.

July 22, 1901.—Executive order declaring the office of Ramon B. de Leon, councilman of Aguas Buenas, vacant.

August 5, 1901.—Executive order declaring vacant the office of Councilman Natalio Soto of Aguada.

August 8, 1901.—Executive order declaring vacant the office of José Concepcion Vicente, councilman of Mayaguez.

September 12, 1901.—Executive order declaring the office of José Ma. Cuadra, councilman of Humacao, vacant, he being also a notary public, and the two offices being incompatible.

September 14, 1901.—Proclamation announcing the death of President McKinley.

September 17, 1901.—Executive order directing Thursday, September 19, 1901, the date of the late President's funeral, be observed by all public institutions and business houses closing, and that the people take part in fitting services to the late President's memory.

October 31, 1901.—Executive order declaring vacant the office of Councilman Juan Ramirez Muñoz, of Gurabo.

November 8, 1901.—Executive order removing from office, for failure to attend meetings, José Modesto Bird, member of the city council of Humacao.

November 15, 1901.—Proclamation declaring November 28, 1901 (Thanksgiving Day), a legal holiday.

December 23, 1901.—Proclamation summoning the legislative assembly to convene in the city of San Juan on January 1, 1902.

Proclamation adopting the great seal and coat of arms of Porto Rico.

December 23, 1901.—Proclamation declaring December 25, 1901 (Christmas Day), a public holiday.

December 26, 1901.—Proclamation declaring January 1, 1902 (New Year's Day), a public holiday.

February 11, 1902.—Executive order directing all executive departments and offices of the government to be closed February 22, 1902 (Washington's Birthday).

March 18, 1902.—Proclamation directing that the executive departments of the insular government be closed and requesting the people to observe Saturday, March 22, 1902, as a legal holiday, established by the legislative assembly in commemoration of the abolition of slavery in Porto Rico.

March 24, 1902.—Executive order directing that Good Friday, March 28, 1902, being a legal holiday, the several departments of the insular government be closed.

March 26, 1902.—Executive order removing Nicolas Muñoz from the office of councilman of Hato Grande, owing to his having been convicted of theft.

March 27, 1902.—Executive order declaring vacant the office of councilman of Yauco, held by Juan Roig, because of ineligibility.

May 19, 1902.—Executive order suspending Simon Pierluissi from the office of councilman of Ponce.

May 26, 1902.—Executive order declaring Friday, May 30, 1902 (Memorial Day), a public holiday.

EXHIBIT F.

Record of pardons issued.

Name.	Offense.	Pardoned.	Remarks.
José Florentino Castro Arana	Robbery	June 11, 1901	
Ines Gonzales Cajigas	Homicide	July 3, 1901	
José Quinones	Contempt of court	do	Fine remitted.
Eleuterio Alonzo Roman	Homicide	do	
Guillermo Roman Abadia	Robbery	do	
José G. Sepuheda	do	July 5, 1901	
Manuel Silva	Insulting insular police	do	
Jesus Rivera	Contempt of court	July 11, 1901	
Nicholas Benitez Delgado	Carelessness in care of public documents	Sept. 6, 1901	Sentence remitted.
Oswaldo Fernandez	Assault and battery	Sept. 25, 1901	
Americo Cintron	Violating general order requiring use of metric system in weights	Sept. 26, 1901	Fine remitted.
Antonio Garcia	do	do	Do.
Luis M. Ramos	do	do	Do.
Julian Delgado	do	do	Do.
Catalina Villafafia	do	do	Do.
Tapia Dávila	do	do	Do.
Ladislao Dávila	do	do	Do.

Record of pardons issued—Continued.

Name.	Offense.	Pardoned.	Remarks.
Evaristo Carrasquillo.....	Violating general order requiring use of metric system in weights.	Sept. 26, 1901	Fine remitted.
Eustaquio Valdivieso.....	do	do	Do.
A. Ortiz Colon	do	do	Do.
Pedro M. García.....	do	do	Do.
Isidoro Vazquez.....	do	do	Do.
Pablo Roig	Violated article 584, Penal Code of Spain, applied to Porto Rico by article 34 of the Ley Imprenta.	Oct. 4, 1901	
Encarnación Quiles	Making false complaint.....	Oct. 7, 1901	
Agusto Federico Capo.....	Injury to judicial authority.....	Oct. 17, 1901	
Juan Cruz Vélez.....	Injuries to an authority.....	Oct. 18, 1901	
Gregorio Porrata	Shooting a man	Oct. 28, 1901	
Eulogio Grada Felbu	Shooting and wounding	do	
John Locorro	Assault	Nov. 15, 1901	
Ceferino Rosario	do	Dec. 3, 1901	
José Antonio Dapena	Arson	do	
Angel B. Torres	Contempt of court	Dec. 10, 1901	
Ramón Gómez Guatambide	Threats of arson	Dec. 16, 1901	
Gregorio Kuijlam	Contempt of court	Dec. 17, 1901	
Jesús Rivera Ortiz	Assault upon policeman	do	
Juan Bautista Santiago	Homicide	Dec. 23, 1901	
James Marcellenus Carpprow	do	do	
Juan Pagán Rivera	do	Dec. 25, 1901	
Pedro Rive y Lugo	Incendiaryism	do	
Pedro Velasco Castillo	Attempted incendiaryism	do	
Leocadio Velazquez Ruiz	do	do	
José Vicente Ellins	Arson	do	
Juan Martínez Reyes	Robbery	do	
Higinio Fernández Victoria	do	do	
José Gómez Hutzambide	Threat of arson	do	
Ramón Rive Lugo	Arson	do	
José González Rodríguez	Homicide	do	
Juan Hernández Carvajal	Accidental injuries	Jan. 3, 1902	
José Monserrate Padró	Contempt of court	do	
Juan Arrufat	Wounding	Jan. 20, 1902	
Francisco García Rosado	Atentado and lesiones	Mar. 5, 1902	
Agusto Molina Romero	Lesiones	Apr. 24, 1902	

EXHIBIT G.

List of notaries public in Porto Rico registered from April 1, 1901, to June 1, 1902.

Names.	Residence.	Date registered in secretary's office.
José de Diego	Mayaguez	Apr. 3, 1901
Juan F. Vias Ochoteco	Humacao	Apr. 10, 1901
Felipe Casaldue Goicocchea	Ponce	Apr. 13, 1901
José M. Cuadra Rosa	Humacao	Apr. 22, 1901
Ramón Nadal	Arecibo	Apr. 26, 1901
Francisco Vallecillo Mandry	Yabucoa	May 9, 1901
Juan Quintero Gonzales de Quijano	Mayaguez	May 16, 1901
Tomas Bernardini de la Huerta	Humacao	June 3, 1901
Ramón Quiñones y Quiñones	Mayaguez	June 4, 1901
Luis Méndez Vaz	do	June 5, 1901
Ángel Acosta y Quintero	Ponce	June 18, 1901
Francisco Prado Morales	Manati	June 29, 1901
Juan de Guzmán Benítez	San Juan	July 6, 1901
Joaquín Nazario de Figueroa y Jesús	San German	July 10, 1901
Rafael Palacios y Rodríguez	San Juan	July 29, 1901
Santiago B. Palmer	do	Oct. 4, 1901
Salvador Picornell Cardona	Lares	Oct. 30, 1901
José Ramón Becerra	Ponce	Nov. 4, 1901
Manuel Oscar Figueroa	Arecibo	Nov. 11, 1901
Jacinto Texidor y Alcalá del Olmo	Guayama	Nov. 19, 1901
Julio M. Padilla y Iguina	Ponce	Jan. 2, 1902
Damián Monserrat Simó	San Juan	Jan. 17, 1902
Eduardo Acuña Aybar	do	Mar. 25, 1902
Ángel García Veve	do	Apr. 1, 1902
F. L. Cornwell	do	Apr. 19, 1902
Gerónimo Calzada y Hernández	Fajardo	May 29, 1902

APPENDIX H.

<i>Fees collected in the office of the secretary of Porto Rico from April 1, 1901, to June 1, 1902.</i>
For registration of foreign corporations..... \$4,923.35
For filing and recording various documents, and certificates issued..... 1,258.63
Total..... 6,181.98

The following sums have been collected for the sale of law books and copies of the Coat of Arms of Porto Rico:

Laws of Porto Rico	\$216.30
Copies of Coat of Arms of Porto Rico	12.50

APPENDIX I.

Register of foreign corporations.

1. British and Foreign Marine Insurance Company, Limited.
2. City Trust, Safe Deposit and Surety Company.
3. Indemnity Mutual Marine Assurance Company, Limited.
4. Lancashire Insurance Company.
5. Magdeburg Fire Insurance Company.
6. New York Life Insurance Company.
7. North British and Mercantile Insurance Company.
8. North German Fire Insurance Company.
9. Northern Assurance Company.
10. Norwich Union Insurance Company.
11. Prussian National Insurance Company
12. Royal Insurance Company.
13. The Port America Company.
14. The Central Contracting Company.
15. San Juan Light and Transit Company.
16. San Juan and Rio Piedras Railroad Company.
17. American Fruit Company of Porto Rico.
18. Guanica Centrale.
19. Swift & Co.
20. New Colonial Company, Limited.
21. American Colonial Bank.
22. The New York and Porto Rico Steamship Company.
23. Manufacturers' and Temperance and General Life Assurance Company.
24. Porto Rican-American Tobacco Company.
25. San Juan Ice and Refrigerating Company.
26. Canovanas Sugar Factory, Limited.
27. American West Indies Trading Company.
28. Transatlantic Fire Insurance Company.
29. North German Insurance Company.
30. Fire Insurance Company of 1877.
31. Sun Life Assurance Company of Canada.
32. Palatine Insurance Company, Limited.
33. Beloise Fire Insurance Company.
34. Mannheim Insurance Company.
35. Equitable Life Assurance Society of the United States.
36. Commercial Union Assurance Company, Limited.
37. The Aetna Powder Company.

38. Aachen and Munich Fire Insurance Company.
 39. Hamburg-Bremen Fire Insurance Company.
 40. The Porto Rico Cigar Company.
 41. The Porto Rico Fruit Company.
 42. The Cuban and Pan-American Express Company.
 43. Compania de los Ferrocarriles de Puerto Rico.
 44. Columbia Improvement Company.
 45. The Mutual Life Insurance Company of New York.
 46. Ponce Railway and Light Company.
 47. German Lloyd Marine Insurance Company.
 48. Fidelity and Deposit Company of Maryland.
 49. American Railroad Company of Porto Rico.
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APPENDIX J.

List of applications for franchises, privileges, and concessions filed in the executive council of Porto Rico from April 1, 1901, to June 1, 1902.

No. 54. *Cabrera, Carlos, et al.*—Application for concession to utilize 275 liters of water per second from the Coamo River for purposes of irrigation. Referred to the committee on franchises, which has not yet submitted report.

No. 55. *Caballero, Luis Y.*—Application for authority to establish a telephone line from his home in the city to his residence in the barrio of Jueyes. Referred to the committee on franchises; favorably reported and finally granted June 20, 1901.

No. 56. *City of San Juan.*—Application for authority to construct and operate a wharf in the harbor of San Juan. Referred to the committee on franchises; granted to the New York and Porto Rico Steamship Company May 21, 1901.

No. 57. *Porto Rico Railroad Company.*—Application for authority to build a branch road connecting its main track with the city of Arecibo. Referred to the committee on franchises; unfavorable report submitted by the committee and authority denied November 2, 1901.

No. 58. *De Ford & Co.*—Application to construct a railroad from the central Aguirre to the barrio of Descalabrado, in the town of Santa Ysabel. Referred to the committee on franchises; favorably reported and authority granted for temporary use of highway between Salinas and Santa Ysabel October 12, 1901.

No. 59. *Ortiz, Jose A.*—Application for concession of certain lands in the district of Cabo Rojo. Referred to franchise committee; unfavorably reported by committee, and application denied December 13, 1901.

No. 60. *Lothrop, W. S. H.*—Application for a franchise to construct and operate an electric light and power system in the city of Ponce. Referred to the franchise committee; favorably reported, and franchise finally granted February 27, 1901.

No. 61. *Luce & Giles.*—Application for authority to install and operate an automobile service on the highways of Porto Rico. Referred to the franchise committee, which has not yet submitted report.

No. 62. *Boss, Joseph S.*—Application for authority to install and operate an automobile service on the highways of Porto Rico. Referred to the franchise committee, which has not yet submitted report.

No. 63. *Usera, Vicente.*—Application for a concession of 70 liters of water per second from the Jueyes River for irrigation purposes. Referred to the franchise committee; favorably reported, and franchise finally granted March 4, 1902.

No. 64. *Usera, Vicente.*—Application for concession of 40 additional liters of water from the Jueyes River. Referred to the franchise committee, which has not yet submitted report.

No. 65. *Yeager, Walter M.; Beneway, Morris D.*—Application for franchise to construct an electric railway from Cataño to Ponce. Referred to the franchise committee, which has not yet submitted report.

No. 66. *Porto Rico Railroad Company.*—Application for permission to grant use of its telegraph poles to Sobrinos de Ezquiaga for the purpose of hanging telephone wires. Referred to the franchise committee; favorably reported, and permission granted April 29, 1902.

No. 67. *San Juan Light and Transit Company.*—Application for permission to extend its track and trolley to temporary wharf in San Juan. Referred to the franchise committee, which has not yet submitted report.

No. 68. *Fishback, George W.*—Application for a franchise to construct certain telephone lines in Porto Rico. Referred to the franchise committee, which has not yet submitted report.

No. 69. *Porto Rico Railroad Company.*—Application for authority to extend its railroad track at the Playa of Ponce. Referred to the franchise committee; favorably reported, and franchise granted May 15, 1902.

No. 70. *Porto Rico Railroad Company.*—Application for authority to continue public use of telegraph and telephone lines of the company. Referred to the franchise committee; favorably reported, and franchise finally granted April 29, 1902.

No. 71. *McCurdy, Frank P.*—Application for a franchise to maintain a system of ferryboats between San Juan and Cataño. Referred to the franchise committee; favorably reported, and franchise finally granted April 9, 1902.

No. 72. *Cabrera, Carlos.*—Applies for a concession of the waters of Creek Caño de Florida. Referred to the franchise committee, which has not yet submitted report.

No. 73. *De Ford & Co.*—Petition for an extension of the license granted on October 12, 1901, to occupy the public road between Salinas and Santa Ysabel, for the construction of a cane railway. Referred to the franchise committee; favorably reported and extension granted April 29, 1902.

No. 74. *Munitiz, M.*—Requests authority to run a 4-inch water pipe from his premises to the military reservation at Cayey, in place of a 1-inch pipe already constructed. Referred to the franchise committee; favorably reported and authority finally granted April 29, 1902.

No. 75. *McCormick, J. C., and William.*—Application for a concession for the waters of the brook Branderis for purposes of irrigation. Referred to the franchise committee, which has not yet submitted report.

No. 76. *Cabrera, Carlos; Parra, Francisco.*—Application for franchise to construct a railway on the highway between Salinas and Santa Ysabel for the transportation of cane. Referred to the franchise committee, which has not yet submitted report.

No. 77. *Amill y Amill, Juan.*—Application for a concession of the waters of the river Yauco for the purpose of generating electric power to supply electric lights to the city of Yauco. Referred to the franchise committee, which has not yet submitted report.

No. 78. *Palmer, D. Alonso.*—Application for a franchise to erect and maintain a telephone-and telegraph service in Porto Rico. Referred to the franchise committee, which has not yet submitted report.

REPORT OF ATTORNEY-GENERAL.

OFFICE OF THE ATTORNEY-GENERAL OF PORTO RICO,
San Juan, P. R., August 1, 1902.

The GOVERNOR OF PORTO RICO,

San Juan.

SIR: In my first report to Governor Allen and in a report made in November last to the Attorney-General of the United States, I set forth in some detail the duties of the attorney-general of Porto Rico and of his department, and made a general statement in narrative form of the jurisdiction of the several courts of the island. Those reports contain much information that might otherwise properly be made a part of this report. But in view of them it will not be necessary to go over that ground again.

THE NEW CRIMINAL CODE AND PROCEDURE.

Since the above reports were prepared a new penal code and a new code of criminal procedure have been adopted by the legislative assembly. They went into effect on July 1, and have therefore been in operation for a period of one month only. Moreover, as crimes committed before noon on July 1 must be investigated and the accused persons tried and punished in accordance with the old code, there has not been an adequate opportunity for testing the sufficiency of the new laws.

The new codes were prepared by a code commission appointed by the governor of Porto Rico under the authority of an act of the legislative assembly. They are essentially American in form and substance, having been taken, as is generally understood, almost word for word, with such changes as were necessary to adapt them to our system, from the penal code and code of procedure of the State of California.

In their general structure, all criminal codes must of necessity be substantially alike. They must define crimes and offenses and establish penalties to be suffered by those guilty of them. The Spanish criminal code, however, established penalties in such minute detail as to require special study on the part of judges in order to enable them to be applied. Aggravating and extenuating circumstances in connection with the commission of the crime or offense were required to be taken into consideration and the penalty adjusted accordingly with mathematical precision. The age, condition in life, or other circum-

stances personal to the accused could not be considered. The new code places in the judges a wide discretion in the assessment of penalties, so that all the circumstances in relation to the crime or to the prisoner may be taken into account and considered by the court in determining the penalty or fine to be imposed.

In other respects, the new code involves some radical changes. Crimes like embezzlement, seduction, and rape, under the Spanish code were considered more as crimes against the person injured than as crimes against the public. The prosecution of such offenses was substantially in the control of the persons wronged, and the offenses might be condoned by them and the prosecution terminated without regard to the public welfare and without the consent either of the prosecuting attorney or of the court. The result was that in some cases, happily few in number, of the violation of females accompanied by shocking brutality the parents, presumably for a pecuniary consideration, condoned the offense and pardoned the offender, leaving the public prosecutor and the court powerless to proceed, and the public conscience outraged and justly indignant.

The crime of perjury was practically not punishable at all. On one occasion what under any American system of jurisprudence would be called perjury, when admitted in open court by the judicial officer guilty of it, was found not to be punishable under the law, and the only way in which he could be punished was by dismissal from the public service. In an application for a respite addressed to you on behalf of a prisoner sentenced in the Federal court to a term of three years for perjury the false declaration under oath is practically admitted, and the statement is made in substance that the prisoner did not know that he was committing a crime. The new code provides a substantial punishment for perjury, and puts the other crimes mentioned on their proper basis as public offenses in the control of the public prosecutors.

The Spanish penal code and the code of criminal procedure formed a carefully devised system of criminal law and had many commendable features. They constituted, however, a system which on its face was imposed by paramount power, and not such a system as would be enacted by a free people. It was based apparently on the theory that the judges could not be fully trusted without supervision to perform their duties conscientiously; that each judge should serve as a check or guard upon the others; and that the acts of all should be subject to scrutiny by the ministerial official charged with that duty. The form in which the courts were required to express their findings of facts and opinions on questions of law were all carefully prescribed by law, thus withdrawing from the judiciary that freedom of expression in judicial announcements which in other countries has afforded opportunity for professional reputation. Some of these features of procedure

are not altogether eliminated by the new code of procedure; but the new laws proceed on the theory that judges, above all other public servants, may be trusted to perform their public duties conscientiously and with a full appreciation of the dignity and importance of their functions. I am glad to say, and in this I think candid observers will concur, that the bench of Porto Rico has made satisfactory progress and is rapidly separating itself from those traditions of the past that were not consistent with judicial office, and is reaching a position creditable to itself and to the people of Porto Rico. It is believed that the new codes, when time and experience shall have afforded opportunity to correct their deficiencies, will be better adapted to the form of government now existing in the island.

Under the new code of criminal procedure no grand jury is required; criminal proceedings are based upon an information filed by the fiscal or prosecuting attorney. In this respect the new system is in substance similar to the old Spanish system. Justices of the peace are established as examining and committing magistrates; upon the affidavit of the person offended they may issue warrants for the arrest of the accused; they may hold a preliminary examination, and if the evidence tends to show the commission of an offense, they may bind the accused over for trial. They may require and admit to bail substantially in accordance with the practice that exists in all of the states of the United States. The change from the prior law which seems more likely to bring about immediate beneficent results is in this matter of requiring bail of persons accused. The general orders of the military government, admirable in most respects, left the matter of bail in some confusion, which is corrected by the new code. Under the law as it formerly existed, unless the crime committed involved a punishment of six years or more, the accused was entitled to his liberty without bail until tried and convicted. The result was that when convicted by the trial court, an appeal to the supreme court was taken by the prisoner as a matter of course, simply in order that the imprisonment might be further delayed, without costs, bail, or other inconvenience.

It is not to be expected that the new codes can or will be put into operation without the development of the necessity of some amendments and alterations, in order that they may be more thoroughly adapted for our use in Porto Rico; nor could it reasonably have been hoped, in view of the fact that the procedure was almost entirely new, and more especially in view of the fact that the law was published and made available in printed form only about ten days before it went into effect, that the prosecuting attorneys and judicial officers could put it in operation without making mistakes. I am glad to say, however, that up to this date no serious error or difficulty has appeared. This result is largely due to the great zeal and commendable promptness

with which the members of the several courts, as well as the fiscals and lawyers of the island, have applied themselves to the study of the new codes.

THE JURY SYSTEM.

The first statute enacted by the legislative assembly of Porto Rico at its first session established the right of the accused to demand a trial by jury in cases involving a punishment for a period of two years or more. A short time afterwards, during the same session, a jury-procedure act was passed and a sufficient appropriation made for putting it into effect on April 1, 1901. Although a change in the criminal law so radical as this attracted much attention, and was the subject of much comment by the press of the island, it was some months before any defendant accused of crime availed himself of the right to have a jury of his peers pass upon the question of his guilt. And although the act has been in operation for nearly a year and a half, there has been no demand for such a trial by any defendant charged with crime in the district court of San Juan, the most important trial court of the island. In the other four trial courts there have been in the aggregate but 24 jury trials to this date. I do not feel, therefore, that the law has been sufficiently tested to enable me to form any judgment as to whether the enactment was premature and as to whether the right to demand a jury trial will be an efficient aid in the administration of the criminal laws. My belief and hope is that the people, being thus called upon to participate in enforcing their own laws, will respond intelligently and will perform their duty with reasonable satisfaction.

It is to be said for the system of submitting the issues in a criminal case to three trained jurists, heretofore and now prevailing when the person accused does not demand a trial by jury, that a judgment of guilty is almost certain to be in accordance with the facts. I have been impressed with this from the examination of the applications to you for pardon which have been submitted to me for investigation and report. It is very seldom that such an application fails to contain in some form an admission of guilt by the petitioner, and when the claim of innocence is made a study of the case rarely fails to reveal the fact that it is of a frivolous nature and without foundation. Guilty men may occasionally escape just punishment in Porto Rico, but I have been compelled to the conclusion that the punishment of innocent men by a court of three judges has rarely happened since the establishment of civil government in the island.

FRAUD UPON THE REVENUES.

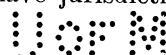
Although the statutes provide for fine or imprisonment, or both, at the discretion of the court, in the cases of persons accused of defraud-

ing the internal revenues or the customs of the island, I have found it difficult, even in clear cases, to secure in the courts anything more than the imposition of a fine. It has been said in explanation that under the Spanish government of the island the defrauding of the Spanish treasury of the revenues established by law was not generally considered a serious offense. I have not been able to investigate and learn whether this was the fact or not; but I have been pained to observe, since I assumed charge of this department, that a fine only, and frequently the smallest fine permissible under the law, has been imposed by the courts, even in cases where the crime was absolutely free from extenuating circumstances. In several cases where men of prominent position, socially and financially, have, with deliberation and careful planning, succeeded in working a fraud upon the insular treasury, fines only have been imposed. I have made this matter a subject of conference with the fiscals, and am glad to report that there has developed recently in all of the courts a determination, by imposing reasonable penalties of imprisonment, to cooperate with the government in its effort to wholly suppress such fraudulent enterprises. It is said by way of explanation that during the time of Spain insular revenues were taken from the island and used to some extent for national purposes, and that therefore an evasion of payment simply reduced the amount of the national tribute. However this may have been, the Government of the United States not only bears all expenditures for national purposes in the island of Porto Rico, but, by the establishment of a provisional regiment of infantry composed entirely of natives of Porto Rico, and by the purchase of supplies and by disbursing funds for labor done, pays out monthly in the island a large sum of money, nearly every dollar of which remains in the island. Moreover, every cent of insular revenues is expended for insular purposes, and the citizen who undertakes to defraud the insular treasury defrauds every man and woman and child of the island, whose money it is. When this fact is fully appreciated, it is not difficult to see that the more intelligent and the more prominent the citizen who is guilty of the fraud the greater is his crime and the more severely should he be punished.

JUDICIAL SYSTEM.

It has been said that the judicial system of Porto Rico is an expensive establishment. In round numbers, the island has a population of about 1,000,000 people. The assessed valuation of the real estate is about \$125,000,000. In the enforcement of the criminal laws and in the protection of the life, liberty, and property of the people of the island, there has been established a judicial system consisting of the following officials:

1. There are 48 justices of the peace. They have jurisdiction over



offenses against municipal and police regulations, and of minor misdemeanors. They enjoy a salary of \$50 a month, except the four justices in the municipalities of Ponce and San Juan, whose salaries are fixed at \$100 a month. The total annual budget for these judges is \$31,200, and is a charge upon the respective municipalities.

2. There are five district courts in the island having general cognizance of civil and criminal matters. Each court has three judges and a fiscal or prosecuting attorney. In the district court of San Juan these officials receive a salary of \$3,000 each. In the other four district courts the salaries are fixed at \$2,400 each. The total annual appropriation for salaries in the district courts is \$50,400. The fiscal of the supreme court receives a salary of \$3,000, and the chief justice \$5,000. The four associate justices are entitled to a salary of \$4,500 each. Total, \$26,000.

3. In civil matters involving \$400 or less the municipal judges of the island have jurisdiction, but they are paid by a system of fees. Excluding therefore the salaries of secretaries and clerks of the courts, which are all adjusted on a moderate and reasonable basis, the total appropriation for judicial salaries is \$107,600.

As a basis of comparison, your attention is invited to the appropriations of Cook County, Illinois, for the support of the judicial branch of its government. With a population and an assessed real-estate valuation of just about double that of the island of Porto Rico, it has 132 justices of the peace, together with 41 county magistrates. Including 6 judges in the appellate court and 7 judges sitting in the supreme court of the State, there are 34 judges of general jurisdiction engaged in the administration of the law in that county at a salary of \$10,000 a year each, and of these, 27 judges have masters in chancery to assist them in the performance of their judicial labors. The masters are paid by the litigants appearing before them. Their annual fees often exceed the salaries of the judges. During the past fiscal year the cost of the judicial establishment of that county, including the salaries of the jury commissioners and the sheriff, amounted to almost \$1,000,000. I have not the figures at hand to show just what part of this amount was paid as salaries to the clerks and employees of the courts. The comparison can not therefore be proceeded with in exactness, but I do not hesitate to say that the insular judicial establishment is proportionately the less expensive. It is true that under the fee system prevailing in Illinois the courts received during the same fiscal year an aggregate of almost half a million dollars, leaving the total expenditure out of the treasury for the judicial branch of the government \$500,000 in round numbers. But if a similar fee system was adopted in the island its receipts, I am sure, would still further advance the insular system in the comparison of general results.

I do not think, therefore, that the statement that our judicial estab-



lishment is too expensive is altogether a just one. Undoubtedly, if the system of a court of three judges should be abandoned and in its place there should be established trial courts presided over by one judge, as is generally the case in the United States, the budget would be to some extent reduced. But the result would not be appreciable, for the business of the several courts would require the same staff of clerks, and all that would be saved would be the salary of, say, one judge in each district. While ultimately trial courts of one judge may be found to be more practicable in civil and in criminal cases, I am of the opinion that for the present such a change is not desirable. Until the jury system is more firmly established and in more general operation, a court of three judges is desirable, at least in criminal cases. The taking of the liberty of accused persons, and sometimes of their lives, can not safely be entrusted, when a jury is not demanded, to a trial court consisting of one judge. The responsibility is too great to impose upon any man, however learned he may be and however desirous of doing justice. For the present, therefore, I am strongly of the opinion that no change should be made in the constitution of the several district courts. It would be well, however, at the coming session of the legislature that some provision be recommended by you permitting two members of the court to appoint a substitute judge, so that civil business may be proceeded with while one judge is conducting jury trials in criminal cases. A small additional appropriation for a substitute judge for each district court will enable them to avoid the delay in the transaction of civil business during the holding of jury trials.

Climatic conditions make it desirable that each judge of the district court shall be entitled by law to a vacation on full salary of at least six weeks during each year. Under the present law they are entitled to a vacation of forty-five days on half salary. In this respect the judges of our courts do not fare so well as the employees in the several departments. A small additional appropriation for substitute judges at half salary will suffice to do full justice in this respect, and I recommend that such a suggestion be made to the legislature at its approaching session.

NEW LEGISLATION REQUIRED.

In the time of Spain there existed in the island a court known as the tribunal del contencioso administrativo. It furnished a means by which citizens might seek judicial redress against decisions rendered by administrative officers in which their rights were involved. It was in some measure a court of claims, in which rights asserted against the Government, after being passed upon by administrative officers, might be considered judicially. This jurisdiction is now being exercised by the district court of San Juan, and owing to the number and

importance of such cases, it is some months behind on its general civil and criminal docket. Its authority in law for the exercise of this jurisdiction is extremely doubtful, but as it is manifest that such jurisdiction should be lodged somewhere, in order that citizens may have their rights against the Government judicially considered, I have not thought it wise to make a test of the question by raising the point on the pleadings. It is obvious, however, that the matter should be the subject of legislation, in order that it may be put upon a definite and well-considered basis, and it is my purpose to prepare and present for the consideration of the legislative assembly a draft of a bill for that purpose.

It is also highly desirable that the whole matter of the jurisdiction of the several courts of the island should be readjusted in one judiciary act. The Spanish legislation relating to the subject was materially modified by the general orders of the military government. Since the establishment of the civil government a number of acts have been passed in which, in one way or another, the jurisdiction of the several courts is involved. There is a lack of harmony and coordination in these various enactments, and it would be a material advantage to have one act prepared covering the whole subject-matter. I do not think that such an act should materially modify the law as it now exists, but should be confined simply to an effort to codify it. I am of the opinion, however, that the jurisdiction of the supreme court should be enlarged. As a court of cassation its powers are much limited. In my judgment, it should be established as a court of appeals, where the records may be examined into and judgments amended, modified, or reversed, according to the weight of the evidence and the merits of the case as it appears in the record. In a criminal case recently appealed to that court it was compelled, under its limited jurisdiction, to accept the findings of fact by the trial court and to affirm the judgment, although it conclusively appeared upon the papers that the defendant, though guilty of one crime, had been convicted for another crime which he had not committed. The result was that I was compelled, upon the suggestion of the court, the error having also been discovered in my office, to recommend the case to you for pardon. If it had been a court of appeals, with power to examine into the evidence, this plain error of fact by the trial court would have been sufficient ground for a reversal of the judgment by the supreme court.

PENAL INSTITUTIONS AND PARDONS.

During the past fiscal year I have personally examined the penitentiary and the Ponce jail. The other penal institutions of the island have also been examined and reports made to me. I find that they are kept in the best sanitary conditions possible under the circum-

stances, and the health reports are reasonably satisfactory. The jail in the municipality of Ponce is wholly unfit for penal purposes, and has been condemned by the federal grand jury. As a result of a personal inspection of it, I deemed it my duty to recommend its abandonment to you, and that sufficient funds be placed at my disposal for erecting a new jail for that district. The transfer by you for this purpose of the sum of \$8,000 out of available funds will enable me, early in the fall, to commence the erection of a new building on the outskirts of the city of Ponce upon land supplied for that purpose by the municipality. Climatic conditions are such as probably to make that sum sufficient for the erection of a suitable building commodious enough for the housing of the average number of prisoners that may be sentenced to detention there during the next ten years.

The director of prisons is making commendable efforts to teach some trade to each prisoner before he leaves the penitentiary. The results are not altogether satisfactory, but it is my hope to be able within the next few months to reorganize the system and put it on a better basis. With that general end in view, and in order that each prisoner may also have the advantage of an opportunity to learn to read and write, I have asked the cooperation of the commissioner of education in the establishment of proper schools in each penal institution.

From June 1, 1901, to June 1, 1902, 316 applications for pardon have been examined in my office. Of this number reports were made to you in 303 cases; in 239 cases the applications were denied by you; in 34 cases you granted full pardons; in 25 cases, upon my recommendation, no action at all was taken by you; and in 5 cases commutations were granted and the penalties imposed reduced. In 13 cases the terms of imprisonment were completed before proper investigations could be made. In addition to these 316 petitions quite a number were addressed to you by prisoners whose previous applications had been considered within six months preceding the date of their second applications. Following the custom of the department not to consider applications when renewed within six months after a previous consideration, these cases have remained unacted upon.

THE SUPREME COURT OF PORTO RICO.

For your information I append hereto a statement of the business of the supreme court of the island.

I have the honor, sir, to be your obedient servant,

JAMES S. HARLAN,
Attorney-General.

SUPREME COURT OF PORTO RICO.

Final judgments and interlocutory decrees.

	Aug. 10, 1899, to May 1, 1900.	May 1, 1900, to July 1, 1901.	July 1, 1901, to July 1, 1902.	Total.
Civil cases	30	54	61	145
Criminal cases	61	123	131	315
Questions of jurisdiction	1	7	6	14
Contentious administrative proceedings	1		3	4
Appeals from registrars of property	3	23	10	36
Interlocutory orders in civil cases	7	32	20	59
Interlocutory orders in criminal cases	9	59	15	83
Total	112	298	246	656

Complaints against judges.

Dismissed.....		13		13
Final judgments.....	1	5	4	10
Total	1	18	4	23
Grand total				679

REPORT OF THE TREASURER.

OFFICE OF THE TREASURER OF PORTO RICO,
San Juan, July 1, 1902.

INTRODUCTION.

SIR: In response to your request of May 17, 1902, I have the honor to make the following report of the operations of the office of the treasurer of Porto Rico during the period April 1, 1901, to June 30, 1902. The report of my predecessor, Dr. J. H. Hollander, incorporated in the first annual report of the governor of Porto Rico, covered the period from the organization of civil government, May 1, 1900, to March 31, 1901. The present report covers the period from the latter date to June 30, 1902. It relates, therefore, to three months of the fiscal year 1900-1901 and the whole of the fiscal year 1901-2. My own incumbency of the office of treasurer, however, dates only from December 2, 1901, the date on which the resignation of Dr. Hollander became effective.

The report of Dr. Hollander, to which reference has been made, gives at some length an account of the fiscal system of the island that existed prior to the organization of civil government; of the system that was created, in virtue of legislation enacted at the first session of the legislative assembly, to take its place; and of the organization of the office of the treasurer for the administration of this system. During this formative period of the government it is believed that this policy of incorporating in the report of the treasurer a comprehensive statement not only of the financial operations of the treasury proper, but of all action, whether of legislative or administrative character, in any way affecting financial conditions on the island should be continued. In the present report there will therefore be given not only a statement of the history of insular finances during the period to which it relates, but also an account of particulars in which the financial system of the island has been modified and changes introduced in the organization of the treasury department and its methods of work. Especially will attention be given to the problem of municipal finance, as that subject has received a great deal of attention on the part of the treasurer during recent months, and must inevitably continue to be one of great importance for years to come.

For purposes of clearness the subject-matter of this report will be treated under the following heads and subheads:

- I. Insular finances, April 1, 1901, to June 30, 1902.
- II. Changes in the general revenue law:
 - (1) Revision of the assessment of property.
 - (2) The practical work of the revision of the assessment.
 - (3) Changes in the system of taxation proper.
- III. Administrative reorganization.
- IV. Municipal finance:
 - (1) Introductory.
 - (2) Powers of taxation.
 - (3) Limitations upon objects of expenditure.
 - (4) Preparation and voting of annual budgets.
 - (5) Insular supervision of municipal accounting and audit.
 - (6) Power to incur bonded indebtedness.
 - (7) Conversion of floating debts into certificates of indebtedness.
 - (8) Work of the bureau of municipal finance.
- V. Banking, currency, and public credit.
- VI. Conclusion.

INSULAR FINANCES, APRIL 1, 1901, TO JUNE 30, 1902.

The close of the fiscal year 1901-2 finds the insular treasury in excellent condition. Owing to the conservative action of the first session of the legislative assembly in framing the budget for that year, receipts have exceeded expenditures and the new year starts with a considerable balance to its credit. Following is a statement of the funds standing to the credit of the treasurer of Porto Rico in account with the people of Porto Rico on June 30, 1902:

Current funds on hand June 30, 1902, to credit of treasurer of Porto Rico in account with the people of Porto Rico.

To credit of "insular revenues"	\$314,600.40
To credit of "trust fund"	1,043,868.46
Total	<u>1,358,468.86</u>

Deposited with:

Assistant treasurer of United States at New York.....	1,009,925.43
American Colonial Bank of Porto Rico, San Juan.....	185,155.74
Messrs. De Ford & Co., San Juan.....	163,387.69

Total..... 1,358,468.86

The total funds in the hands of the treasurer at that date was \$1,358,468.86. Of this sum, \$1,043,868.46 were trust funds consisting of the balance of the funds set aside by Congress for permanent improvements, \$981,824.97 and \$62,043.49 due municipalities or held in trust for one reason or another. The sum actually available for ordinary insular expenditures was, thus, \$314,600.40. At the beginning of the fiscal year 1901-2 there was available but \$74,631.41. The operations of the year, therefore, resulted in an excess of \$239,968.99 receipts over expenditures.

While the island is thus to be congratulated upon the excellent showing made by its finances during the past twelve months, too much significance should not be attached to the fact that receipts have exceeded expenditures and a surplus has been accumulated. The existence of the "trust fund" for permanent improvements has relieved the insular treasury of many expenditures that it would otherwise have been forced to make. With the approaching exhaustion of this fund it will be necessary for the island to make provision for the prosecution of works of permanent improvement in some other way if the policy of developing its resources is to be continued. It is further to be borne in mind that all of the improvements made by the money of the trust fund in the way of the construction of new school-houses and additional roads entail a corresponding charge upon insular funds for their maintenance. It is inevitable, therefore, that the estimates for the items of maintenance of roads and the extension of educational facilities will steadily increase for a number of years to come. It is certain that the general expenditures of the government will likewise increase from year to year for some time in the future. The total of appropriations made by the second session of the legislative assembly was, thus, \$2,345,279.91, as against \$2,126,204.71 of the preceding session. It will be a matter of no little difficulty to secure a corresponding increase in revenue. While the income to be anticipated in the future will be sufficient to meet legitimate needs, it will, nevertheless, be imperative that all proposed expenditures shall be subjected to the closest examination by future legislative assemblies with a view to enforcing the most rigid economy possible.

The details of the financial operations of the treasury department are shown in the series of tables appended to this report and numbered 1 to 8, inclusive.

Table No. 1 reproduces the information given in the table appearing on page 189 of the first annual report of the governor of Porto Rico, with the addition of figures bringing the record down to June 30, 1902. This table is intended to present a comprehensive statement of the receipts and expenditures of the insular treasury, month by month, since the definite organization of an insular treasury department by the military authorities on July 1, 1899. It is broken into three sections on account of the successive changes made in methods of book-keeping. Some little explanation is necessary in order that the information given by this table may be understood. The treasury not only collects and disburses the insular revenues proper, but it also serves as the custodian of the fund set aside by Congress as a trust fund for the making of permanent improvements in the island and of certain other trust funds, and also acts as the agent for the collection of the general property taxes levied by the municipalities. Of the revenues accruing from excise taxes 15 per cent under existing law

must be distributed among the municipalities. The treasurer consequently has pass through his hands a much larger sum than is available for the expenditures of the insular government proper. Thus it will be seen, while the total receipts, including repayments, of the insular government during the fiscal year 1901-2 amounted to \$2,432,186.79, the total receipts of the treasury for all purposes amounted to \$3,912,172.49. In the same way the expenditures consist of disbursements from insular revenues and of disbursements from the trust fund.

Tables Nos. 2 to 8, inclusive, are intended to show more in detail the sources from which insular revenues proper are derived, and the districts and municipalities to which they should be credited. The chief source of revenue of the insular government is that of customs duties. No attempt is made to present an analysis of the articles upon which customs duties were paid or the ports of entry at which they were collected, as the administration of the customs system is entirely outside of the functions of the treasury department. The only information given regarding this source of income, therefore, is that appearing in Table No. 1, showing the amount received on account of customs duties each month.

Next in importance as a source of insular revenue are the excise taxes imposed in virtue of Title II of the general revenue law. The total received from excise taxes exceeds the amount received from customs dues, but as 15 per cent of the former has to be distributed among the municipalities, the net receipts of the insular government from this source are slightly less than those accruing from customs dues. The rates of excise taxes imposed are:

Schedule A.—Manufacture and importation: Rum, 60 cents per gallon; other distilled spirits, 80 cents per gallon; adulterated and manufactured spirits, 40 cents per gallon; beer and wine, 15 cents per gallon; adulterated spirits and wine, 15 cents per gallon; domestic cigars, \$1.80 per thousand; foreign cigars, \$3.60 per thousand; domestic cigarettes, \$1 per thousand; foreign cigarettes, \$2 per thousand; domestic manufactures of tobacco, 5 cents per pound; foreign manufactures of tobacco, 10 cents per pound; playing cards, 2 cents per pack; proprietary medicinal preparations, toilet articles, perfumery and cosmetics, 5 per cent ad valorem; oleomargarine, 10 cents per pound; arms and ammunition, 25 per cent ad valorem; domestic matches, 10 cents per gross of boxes; foreign matches, 30 cents per gross of boxes.

Schedule B.—Dealers' licenses, per annum: Wholesaler of distilled spirits, \$80; wholesaler of beer and wine, \$40; retailer of distilled spirits, wine, and beer, according to class, \$20, \$12, and \$6; wholesaler of cigars and other tobacco products, \$40; retailer of cigars and

other tobacco products, according to class, \$12, \$8, and \$4; wholesale and retail dealer in arms and ammunition, \$24.

Schedule C.—Documentary: Bills of lading, 10 cents each copy; custom-house entries, \$1; notarial instruments, \$1; copy of, 50 cents; record of, 50 cents.

The foregoing rates were in force up to June 30, 1902. Beginning with the new fiscal year, 1902-3, the rate on beer and wine will be increased from 15 cents to 20 cents per gallon, while dealers' licenses will be increased from 20 to 50 per cent above the rates given above.

That portion of the general revenue law enacted January 31, 1901, which relates to excise taxes went into effect February 1 of that year. Tables Nos. 2, 3, and 4 show in detail the collections on account of the excise taxes since the organization of the system. Following are two summaries of these tables, the first showing by main categories the amount of taxes collected during the five months ending June 30, 1901, and during the fiscal year ending June 30, 1902, and the second total collections under each schedule by months:

	Five months ending June 30, 1901, collected.	Fiscal year ending June 30, 1902.	
		Estimated collections.	Actually col- lected.
Distilled spirits.....	\$92,104.92	\$545,850.00	\$448,449.13
Adulterated spirits.....	4,704.23	27,950.00	28,406.72
Beer and wine	15,179.82	22,310.00	67,853.41
Cigars, cigarettes, and manufactured tobacco	77,423.66	147,500.00	275,969.20
Playing cards	4.16	10.00	148.67
Proprietary medicinal preparations, etc	1,422.79	2,060.00	4,501.63
Oleomargarine	366.00	850.00	1.00
Arms and ammunition	449.77	1,640.00	1,767.23
Matches	5,092.46	13,420.00	18,284.26
Dealers' licenses.....	15,828.05	60,000.00	65,624.72
Documentary	12,840.52	20,000.00	35,694.35
Total	225,416.38	841,580.00	946,650.32
Excess over estimate.....			105,070.32

	Schedule A, con- sumption.	Schedule B, licenses.	Schedule C, documen- tary.	Total.
<i>Five months ending June 30, 1901.</i>				
February	\$22,144.31	\$1,758.65	\$2,106.69	\$26,009.65
March	31,365.76	3,517.35	2,422.00	37,305.11
April	46,687.37	3,517.35	2,998.52	53,198.24
May	47,841.62	3,517.35	2,789.21	54,098.18
June	48,708.75	3,517.35	2,579.10	54,805.20
Total	196,747.81	15,828.05	12,840.52	225,416.38
<i>Year ending June 30, 1902.</i>				
July.....	57,723.66	4,779.61	4,182.41	66,685.58
August.....	58,189.79	4,779.60	2,566.50	65,585.89
September.....	57,810.13	4,779.61	2,344.87	64,934.61
October.....	66,386.17	5,187.99	2,361.93	73,936.09
November.....	66,302.22	5,187.98	3,506.81	74,997.01
December.....	78,352.29	5,187.99	3,220.98	86,761.26
January.....	76,646.95	6,168.04	3,578.59	85,393.58
February.....	78,159.61	6,168.05	2,337.35	86,666.01
March.....	76,820.22	6,168.05	2,599.61	85,587.88
April.....	84,195.18	5,739.27	3,093.54	93,027.99
May.....	73,269.28	5,739.26	2,989.24	81,947.78
June	72,475.85	5,739.27	2,962.52	81,177.64
Total	845,331.25	65,624.72	35,694.35	946,650.32

In his official report to the governor, dated April 1, 1901, the treasurer estimated that the yield from excise taxes for the fiscal year ending June 30, 1902, would be \$841,580. From the above statement it will be seen that the actual yield during that period was \$946,650.32. It will be noted that the actual collections exceeded the estimate in every item with the exception of distilled spirits and oleomargarine. The tax on distilled spirits is 60 cents per gallon regardless of proof. Rum, which is practically the only distilled spirit consumed in Porto Rico, has, since the imposition of this tax, been shipped from the distilleries of much higher degree of proof than ever before. After shipment it is diluted to a drinkable strength by the retail dealer. It is safe to say that the estimate made in April, 1901, of the tax to be collected on rum during the fiscal year ending June 30, 1902, would have been considerably exceeded by the actual collections had the distilleries continued to ship rum of the comparatively low proof at which they had been shipping it before the imposition of the tax. The legitimate trade in oleomargarine has been killed by the fact that the rate of 10 cents per pound is prohibitory. The effort made by the treasurer to have this rate reduced at the last session of the legislature was unsuccessful. Had he been successful, the moderate tax on oleomargarine that had been proposed could probably have been made to yield from \$10,000 to \$15,000 annually.

The extraordinary excess in the actual over the estimated receipts on account of beer and wine, cigars, cigarettes, and manufactured tobacco is explained by the fact that at the time the revenue law was enacted manufacturers and dealers in these articles claimed that the tax imposed would work great injury to their industry, and this claim was largely indorsed by the journals of the island. Cigarette manufacturers, in fact, closed their factories, and importers announced their intention of bringing in no more beer and wine. Under the circumstances, the estimate made of the yield of taxes on these articles was, naturally, very conservative. The course of events has entirely disproved these fears of the manufacturers and importers, and these articles have accordingly produced a much larger income than was expected. With the increase in the rate on beer and wine and the general raising of the rate for dealers' licenses, which takes effect July 1, 1902, it is safe to assume that the yield of excise taxes for the next fiscal year will exceed those for the year just closed and will probably pass the million-dollar mark.

To a considerable extent the yield of excise tax is dependent upon the vigor with which inspection through the force of internal-revenue agents is carried on. It is only by the exercise of the greatest vigilance and energy that frauds upon the revenues can be prevented. The slightest let-up in the work of inspection and supervision is immediately followed by a decrease in receipts. During the first four or

five months after the organization of the force of internal-revenue agents the efforts of these employees consisted chiefly in the instruction of taxpayers as to their duties and in the prevention of fraud rather than in the arrest and punishment of delinquents. From February to June, 1901, all persons detected in fraud were allowed to go unpunished upon paying the tax due and signing a statement to the effect that they had been fully instructed as to the requirements of the law and would not again offend. Since July, 1901, 200 cases of fraud on the revenues have been reported by internal-revenue agents, of which 52 have been for the nonpayment of the tax on rum, 80 for the non-payment of the tax on cigars, cigarettes, and manufactures of tobacco, 7 for the nonpayment of the tax on other articles, and 61 for delinquency in the payment of license taxes. Most of these cases have been of a petty character, for which the delinquent was glad to get off with the loss of his illicit goods which had been seized. These goods were deposited with the collectors and deputy collectors of internal revenue, advertised as unclaimed, and when the owner did not appear were sold at auction and the proceeds covered into the treasury. Twenty-three cases were referred to the various district courts for prosecution. In respect to these, convictions have been secured in 10 cases, and there have been no acquittals. A larger number of cases have not been referred to the courts owing to the fact that it is so difficult to get prompt action in regard to them that it was thought best only to refer those which were most serious in character and where a conviction would produce the desired moral effect. It should be stated that the Treasury Department has been much handicapped in its efforts to prevent frauds against the revenues by the delays which are encountered in the courts in respect to those cases referred to them for action, and by the further fact that even where conviction is obtained the punishment has in most cases been limited to a fine which often does not equal the amount of the tax of which it was proven that the Treasury had been defrauded. Such convictions have, indeed, in many cases been heralded by the friends of the defrauder as a practical victory for him. A considerable improvement in this respect, however, has been noticed during the more recent months, and the change in the revenue law which makes it obligatory upon the court to punish by both fine and imprisonment in the case of all second and subsequent offenses will be productive of much good in the future.

An event of some importance in respect to the excise taxes during the year was the retirement of the old issue of United States documentary stamps, surcharged "Porto Rico," which had done service as excise stamps, and the substitution in its place of a new series of stamps specially prepared by the Bureau of Engraving and Printing of the Treasury Department at Washington for use in Porto Rico. The stamps are exceedingly handsome examples of the engraver's art.

They bear the coat of arms of Porto Rico and are of attractive tints. They run in denominative values from 1 cent to \$50. The use of this series was begun February 1, 1902. With the introduction of this series the practice has been adopted of marking all of the stamps of the denominative value of \$1 or over with a serial number. Each denominative value of stamps has its own serial number, running in numerical order according as they are issued. An exact record is kept of the serial numbers of these stamps as they are issued to the collectors and deputy collectors of internal revenue for sale, and these officers are in turn required to keep a record of the serial numbers of the stamps sold to each manufacturer, importer, or dealer in their respective districts and the date of sale. The exchange or sale of stamps by taxpayers is prohibited. In this way the department is able to obtain an almost absolute check against the reuse of stamps by taxpayers, and the knowledge of the exact date upon which particular stamps are sold is frequently of great assistance in proving accusations of fraud against delinquents.

The third great source of income of the insular government is that of the general property tax of one-half of 1 per cent upon all real and personal property in Porto Rico not expressly exempted from taxation by law. This tax did not go into effect until July 1, 1901. The assessment of property for purposes of taxation was, however, made prior to that date. The results of the collection of this tax are fully shown in Table No. 5. The table shows the total tax assessed against property in each of the municipalities of the island and the amount of this tax collected each month of the fiscal year. Two additional columns show the total amount of the tax uncollected at the end of the fiscal year in each municipality and the ratio that such uncollected taxes bear to the total amount of taxes due. It will be seen that the total tax assessed against property in the island for insular purposes amounted to \$473,226.28. Of this amount, \$407,440.12 was actually collected during the year, while \$65,786.16, or 13.9 per cent of the total, remained uncollected. In view of the fact that the treasury has in no case resorted to the extreme procedure of selling property for delinquent taxes, this showing must be considered a satisfactory one. There is little reason to doubt that the greater part of the taxes now delinquent will be collected during the coming fiscal year in connection with the collection of current taxes. It is of interest to note that considerable differences exist between the municipalities in respect to the extent to which taxes in them have been collected. In Vieques and Culebra all of the taxes have been collected. In the San Juan district, including twelve municipalities besides that of San Juan, there remained at the end of the year but 4.3 per cent uncollected. The municipal district making the worst showing is that of Mayaguez, where less than 72 per cent of the taxes due were collected. The rea-

son for this lies in the fact that this district includes the coffee estates, which suffered most severely from the cyclone of 1899, and property owners are still struggling to get upon their feet.

The yield of the tax upon inheritances is shown in Table No. 6. This law went into effect immediately upon the passage of the general revenue law, January 31, 1901, and the table shows for each month beginning with that date the assessed value of the estates of decedents subject to the tax, the amount of the tax that should be paid by such estates, and the taxes actually collected. A tax on estates of decedents varies in amount from 1 to 9 per cent of the value of the inheritance. Estates valued at not over \$200 are exempted. Lineal descendants inheriting estates valued at not over \$5,000 pay 1 per cent; other heirs pay 3 per cent. The tax rate increases progressively according to the value of the inheritance, so that lineal descendants pay 3 per cent and other heirs 9 per cent on the excess over \$50,000 of the value of an estate.

The yield of this tax can not be said to have come up to expectations. During the five months ending June 30, 1901, there was collected but \$975.82 on account of this tax. During the fiscal year ending June 30, 1902, the yield was \$12,711.74, of which amount the greater part, or \$11,997.79, was paid by other than lineal descendants. There can be no doubt that the explanation for this small return is due to a considerable extent to the fact that estates which should pay the tax have escaped taxation. The original law did not give to the treasurer adequate power to enforce this feature of the revenue law. The amendment to this act, adopted at the recent session of the legislative assembly, gives full power to the internal-revenue agents to make all necessary investigations and to take all other steps for the rigid enforcement of the payment of this tax. It is believed that this tax can and will be made to produce a larger and larger income for several years to come.

When the general revenue law of January 31, 1901, went into complete effect on July 1, 1901, there remained certain taxes imposed during the Spanish régime and by general orders of the military government for the fiscal years 1898-99, 1899-1900, 1900-1901, due the insular government, which had not been collected. These delinquent taxes were distributed in every municipality of the island and consisted of what were known as the "Agricola," "Urbana," "Industria y Comercio," and "school" tax. Together they amounted to \$295,571.31. The larger part of these taxes were due by taxpayers whose coffee estates or other agricultural holdings had been devastated by the hurricane of August, 1899. The policy that had been adopted after the hurricane—of remitting taxes due by taxpayers who had been left in a destitute condition in consequence of that catastrophe—was continued. No effort, however, was spared to collect such taxes where it could be done without working too great hardship. Of the total sum,

\$295,571.31, due and delinquent July 1, 1901, there was collected during the fiscal year ending June 30, 1902, \$98,304.08; \$44,228.93 was remitted. There thus remained delinquent on July 1, 1902, a total of \$153,038.30. The policy of the past year in respect to these old taxes will be continued. Claims for the remission of taxes, however, will be investigated with increasing thoroughness by the internal-revenue agents of this office. It is expected that before the end of the next fiscal year all of these delinquent taxes will either be collected or remitted for good and sufficient cause.

Table No. 7 shows, by months, the progress made in collecting these old taxes in each municipality during the fiscal year ending June 30, 1902.

But a few words need be said regarding other sources of revenue of the insular government. The 3 per cent tax on premiums collected by insurance companies realized during the fiscal year 1901-2 a total of \$5,865.91. The 2 per cent interest paid on daily balances of moneys deposited with the insular depositaries produced during the year \$8,656.80. Other miscellaneous receipts were those derived from franchise royalties, licenses to carry firearms, licenses to foreign corporations to transact business in the island, rent on mining concessions, etc. While the income from these sources does not amount to a very large sum, yet no effort should be spared to make them as productive as possible, and there is no reason why they should not become of constantly increasing importance in the future.

Before leaving this subject of insular income some mention should be made of the nominal asset possessed by the insular government in the shape of claims against the municipalities of the island which the present insular government inherited from the Spanish régime. At the time of the change of sovereignty there existed on the books of the insular treasury a charge against the municipalities amounting to the sum of \$116,095.58, which was known as the "moratoria," or deferred debt, and on the books of the late diputación provincial a further charge of \$104,969.79 due that body by various municipal corporations.

Of the former amount there was collected by my predecessor up to June 30, 1900, the sum of \$28,875.75. It appears, however, that in view of representations of certain municipalities calling into question the validity of the claims, also in view of the crisis induced by the hurricane of 1899 and the impairment of municipal resources in consequence of the transition through which they were going, it was decided not to press further collection of the balance, amounting to \$87,219.83. Every effort has been made to ascertain the origin of this debt and to determine whether the liabilities of the municipalities in relation thereto is such that its payment to the insular government should be enforced. The facts regarding the matter seem to be as follows: In

the year 1864 the municipalities took charge of the collection of the state taxes, the total amount of the levy being entered up by the state as a charge against them, and they were then credited with the several amounts turned over by them to the insular treasury. The balance, whether actually collected by them or not, continued to figure as a charge against the municipal corporations. In the year 1884 executorial proceedings were instituted against them for the payment of the balance due. The matter dragged on until 1892, when, in consequence of an appeal taken to the Crown for relief, a royal order was issued on September 22 of that year by which it was provided that the debt then existing should be paid in ten equal yearly installments ending June 30, 1903, and a statement to that effect was published in the Official Gazette of April 11, 1893, showing the liabilities of each municipality for each of the ten years. Against this decision the municipalities had then no recourse, but they now allege that they are not bound by such action, because (1) they are not the legitimate successors of the municipalities constituted under the former régime; (2) that the bulk of the taxes which appear as a charge against them were never collected and were uncollectible; (3) that much of the money that was collected did not find its way into the municipal treasuries, and that they have now no proper remedy against the defaulting officials, who have returned to Spain, and (4) that the tax rolls contained the names of many imaginary taxpayers included for the purpose of allowing fraudulent votes to be cast for the government party and that the taxes assessed against such taxpayers, being on nonexisting property, could not be collected, and consequently should not constitute a charge against the municipality.

While the present government is not in a position to enter into any detailed examination of these claims, there can be no doubt that they are in great part valid. The greater part of the sum now due by the municipalities undoubtedly represents taxes which were never collected by them, and which, in fact, were impossible of collection. To exact this sum from the municipalities at the present time would work a great hardship and probably an injustice. It is accordingly recommended that appropriate action be taken for definitely relieving the municipalities of this charge against them, which must be continued to be carried on the books until further action is taken.

The indebtedness of the municipalities to the late diputación provincial is of another order. This body was created by the provincial law of October 29, 1870, amended by the law of December 31, 1896, by which the island of Porto Rico was constituted a province of Spain, and as such was endowed with a local elective government assembly. The diputación voted yearly credits for its expenditures, and was authorized to impose taxes, which were specifically determined each year by the same budgetary law that authorized the taxes imposed for

state purposes, and consisted usually of a percentage of the rate of such state taxes and part of the proceeds of particular sources of income, such as that derived from the postal, telegraph, and other national services. The direct tax known as the "derrama provincial" was apportioned en bloc to the municipalities in proportion to their assessed wealth, and they in turn were supposed to collect it and turn the proceeds over to the diputación provincial. As a matter of fact, the whole amount of the levy was never collected, nor could it have been, as the assessment rolls were often statements of imaginary wealth of nonexisting taxpayers. The noncollected balance grew from year to year as a charge against the respective municipalities, and at the period of the transfer of sovereignty amounted to \$104,969.79. Of this sum \$78,762.74 was collected up to December 31, 1900, the military government collecting \$44,828.31 and the insular government \$33,934.43, leaving a balance still due from the municipalities on account of the late diputación provincial of \$26,207.05. No effort has been made since that date further to enforce the collection of this debt. The late treasurer suspended the enforcement of these claims on account of the embarrassed condition of many of the municipalities, the matter being left open as to whether such suspension should be permanent or that payment should be enforced at some future date. In view of the doubtful origin of the debt and the time that has now elapsed since the obligation was incurred, and of the further fact that a consolidation and reorganization of the municipalities has since taken place, it is believed that it would be unwise and would cause great trouble in the framing of municipal budgets to attempt to enforce the collection of this claim. It is therefore recommended that proper action also be taken to relieve the municipalities of this charge now existing against them.

It may not be amiss, in connection with this recommendation, to call attention to the fact that when the affairs of the diputación provincial were wound up a sum was realized more than sufficient to pay all obligations owing by it.

CHANGES IN THE GENERAL REVENUE LAW.

The second session of the legislative assembly resulted in the modification of the general revenue law, which had been adopted at the session of 1901, in a number of important particulars. The changes made, while bringing about what are thought to be substantial improvements in the system of taxation that had been adopted, do not represent any radical departure from the general principles upon which that system was based. These changes were accomplished by the enactment of two laws, the one entitled "An act to provide for the revision of the assessment of property and the assessment of property not heretofore assessed in Porto Rico, for purposes of taxation," and the other enti-

tled "An act to amend an act entitled 'An act to provide revenue for the people of Porto Rico, and for other purposes,'" both of which became law March 1, 1902. The changes effected by these two acts are of sufficient importance to merit being set forth in some detail. Attention will first be given to the act relating to the assessment of property.

THE REVISION OF THE ASSESSMENT OF PROPERTY.

A modification of the system that had been provided for the assessment of property for purposes of taxation was thought desirable for a number of reasons. Chief among these were the facts that while the provisions of the existing law were satisfactory for purposes of an original assessment of property they did not fully meet the requirements of revision work; that the provisions regarding the extent to which delinquent taxes should be a lien against property were not in all respects satisfactory; and, finally, that the law failed to make specific provision for the manner in which property of foreign corporations should be assessed. Other changes of less importance were needed that will be noted in the description of the new law regarding assessments hereafter given.

The old system, providing for the appointment of a supervisor of assessment, the division of the island into districts, and the appointment of a special assessor for each, with the right of an appeal on the part of taxpayers from their decisions—first to a district board of appeals and then to the executive council—worked well for an original assessment. For the subsequent work of revision, however, it was unnecessarily complicated and certain in practice to give rise to difficulties.

In the first place it is to be noted the whole assessment force, including the supervisor, district assessors, and office employees, was not a permanent one, but was only called into existence for a few months' work and then disbanded. While the law authorized the treasurer of Porto Rico to institute an annual revision and correction of assessments in accordance with the provisions of the act, that officer was actually without an organization or force of employees with which to undertake the work. To have attempted to carry out the provisions of the law would therefore have required an organization each year of a new and at least partially untrained force of assessors. It is hardly necessary to say that this would have been an expensive and troublesome method of procedure, and that under it the best results could never have been obtained. The qualifications required of assessors are such that it would have been nearly impossible to have secured competent men for such posts, where only temporary employment could be offered.

The first requisite of an economical and at the same time efficient

system for the assessment of property was, therefore, that of having this work done by a small but highly qualified body of men who should be permanently attached to the office of the treasurer, instead of a large force hastily brought together for work during a short period of time. Such a select corps of assessors would constantly become more and more fitted for their work as they became conversant with the method of procedure and property values on the island. Being continuously engaged in this work they would acquire a personal knowledge of the erection of new factories and houses; of the opening up of new plantations, of the destruction of existing property, etc. The possession of such a force would also confer other advantages upon the department in the actual work of the administration of the tax law. Questions regarding the legality or correctness of particular assessments as against particular parties are constantly arising, and it is the duty of the treasurer, as far as it is within his power, to correct any improper action that has been taken. With a permanent force of assessors he will not only have at hand the person who actually made the particular assessment in question, but employees upon whom he can call for special investigation and report.

The fundamental change effected by the new law was, therefore, in the provision that henceforth the work of revision of assessments should be conducted by a small and select force of employees permanently attached to the treasury department. In providing for this additional force much the best method seemed to be to assign the work of revision of assessments to the bureau of internal revenue and increase the force of internal-revenue agents so as to permit of this body assuming control of this additional work, rather than the creation of a new office and special force for that purpose. This arrangement possessed a number of distinct advantages. The first and most important of these was that it obviated the necessity of creating an additional bureau—a step always to be avoided where possible. In the existing force of internal-revenue agents the treasurer, moreover, already had available a body of men who were thoroughly acquainted with property conditions throughout the island. In the performance of their primary duties, that of enforcing the collection of excise taxes, they had already become familiar with several of the most important classes of property to be taxed. A second advantage lay in the fact that it made it possible for the treasurer to keep the force of revenue agents continually employed. As the work of the revision of assessments slackens, agents doing this work can be assigned to other duties in connection with the enforcement of the law respecting excise or the actual work of the collection of taxes. Great benefit will thus result from the possession of a mobile force to which can be allotted different duties as occasion may require. Finally, the assignment of the work of the

revision of assessments to the internal-revenue agents permits of the concentration of the entire work of the administration of the insular revenue system in one bureau.

Another feature concerning which the old law was not entirely satisfactory for purposes of revision work was that regarding the system for the determination of appeals of taxpayers who were dissatisfied with the valuations that had been placed upon their properties by the assessors. The old system, which required the creation of temporary boards of review in different parts of the island and action by the executive council as a final board of appeal, resulted in unnecessary expense and delay. The new system accordingly provides that there shall be a single reviewing authority, to be known as the permanent board of review and equalization. This board consists of five members: The treasurer of Porto Rico, who is ex officio chairman, the secretary of Porto Rico, the commissioner of the interior for Porto Rico, and two other persons, natives of Porto Rico, to be appointed by the governor of Porto Rico, with the advice and consent of the executive council. The two Porto Rican members are entitled to a remuneration for their services in a sum not exceeding \$10 a day for each day's attendance upon the board. The board meets at the call of its chairman to consider all complaints that have been filed with it. It has all of the usual powers of a board of tax appeals. It can increase or decrease assessments, assess property that has been omitted from the assessment rolls by the assessors, and, generally, determine all disputes arising out of the assessment of property. Not only will this board afford taxpayers full opportunity to be heard concerning any grievance, fancied or real, that they may have, but its existence relieves the executive council of the duty of acting as a board of appeal, which body is already overburdened with the performance of too much detail.

Next in importance among the changes effected by the new law, after that relating to the organization of the force of assessors and of the board of review and equalization for reviewing their work, is that concerning the assessment of corporations. The provisions of the old law regarding this matter were not sufficiently clear and definite. Though the law stated that the property of institutions, corporations, and companies incorporated under the laws of Porto Rico should be assessed by the treasurer, it failed to make any equally specific provision designating the way in which foreign corporations should be assessed. This omission was accordingly remedied in the new law, which provides that foreign corporations shall be treated precisely as are domestic corporations, with the exception that only so much of their capital as is actually invested in Porto Rico shall be assessed for purposes of taxation.

THE PRACTICAL WORK OF THE REVISION OF ASSESSMENTS.

Owing to the fact that the original assessment was a novel undertaking and was accomplished under pressure, it was inevitable that errors should have occurred and that the valuations placed upon properties were not always equitable. Immediately upon the passage of the law providing for the new system of assessing property the treasury department accordingly entered upon the practical work of revision. This was a work of considerable magnitude. That the revenue agents detailed as assessors might properly perform their duties, they had to be furnished with data showing the name and previous assessment of every taxpayer in their respective districts. As the law provides with great definiteness the exact procedure to be followed in revising the assessments, the initial distribution of blank schedules among the taxpayers, the time allowed in which they should be returned, the nature to be given by the assessors of any changes made by them in any such returns, the filing of formal appeals to the permanent board of review and equalization, etc., it was necessary to organize a system whereby exact record could be kept of the dates upon which schedules were delivered and returned, appeals filed, and other steps taken. An elaborate system of forms for each step and instructions regarding their use was prepared, so that not only there should be no doubt that all legal requirements had been fulfilled, but that the department might keep itself constantly informed regarding the progress of the work.

Careful instructions were given to the assessors before beginning their work in regard to the policy that they should pursue in revising the assessment of property, in order that all of them might work along the same lines. The purpose of the revision was to correct inequalities in the existing assessments. An assessment is good or bad precisely in the degree that success is had in securing equality in the treatment of different property owners and different sections of the island. The nearest approximation to such equality can only be obtained where market values of properties are taken as the basis of the assessment. The attempt to follow any other standard but broadens the opportunity for the exercise of difference in judgment and action on the part of assessors. In carrying through the revision, therefore, the effort has been made to correct inequalities by raising the assessment of properties which had been undervalued at the previous assessment rather than by lowering the assessment of those properties which had been returned at approximately their true market value. No attempt at a general increase of assessments has been made. Where properties had been assessed at more than their market value the assessors have not hesitated to reduce the assessment, and where they have failed to do so the board of review and equalization has corrected such omission.

In this connection it is to be noted that the assessment of property at its full value is not synonymous with high taxation. It is immaterial, in so far as the payments by the taxpayers or the receipts of the treasury are concerned, whether there is a high assessment and a low rate or a low assessment and a high rate. For general economic reasons, however, the former is much preferable. Not only, as has been said, can a more equitable assessment be secured in this way, but the general financial standing of both the community as a whole and of individual properties in particular is thus shown to advantage.

The taxpayers were afforded every opportunity to appeal from the decisions of the assessors to the board of review and equalization. This board has examined these appeals with great care and thoroughness. The board, as has been said, consisted of the treasurer, the secretary, the commissioner of the interior, and two citizens of Porto Rico. For the two latter positions the governor nominated and the executive council approved the appointment of Messrs. Guillermo Riefkohl, of Maunabo, and Carlos Cabrera, of Santa Isabel. These two gentlemen, actuated by a sense of public duty, left their large personal interests and came to San Juan in order to devote themselves to this work. The treasurer takes pleasure in testifying to the zeal with which they performed their difficult and, in many respects, disagreeable work, and both the insular government and the people of Porto Rico are much indebted to them for their self-sacrificing action.

The board, as its first and most important duty, made a thorough study of property values on the island generally, and embodied their conclusions in certain schedules of values which should be used as a guide in determining the assessments to be placed upon the more important classes of properties in the different sections. Both in the preparation of these schedules and in their application to particular properties, every effort was made to take account of all factors entering into the determination of values, such as fertility of soil, amount of rainfall, necessity for irrigation or ditching, propinquity to markets, facilities for transportation, etc. With the essential basis for the equalizing of values thus obtained, it went through the appeals, one by one, estimating the valuations placed upon properties according to this scale, and made such changes as were necessary in order to bring the valuations within its terms. For the first time it thus established a standard of valuations, so to speak, according to which properties should be assessed. The standard thus fixed will be of permanent value in the future work of the revision of assessments. As the island develops changes in property valuations will, of course, occur, but it will be a comparatively easy matter to modify the schedules that have been adopted so as to take account of such changes.

It is hardly necessary to say that a perfect assessment, that is, an absolute equality of treatment of all taxpayers, is, in any country, unob-

tainable. The treasury department, however, has reason to be satisfied with the manner in which its agents performed their delicate duties. There can be no doubt that the valuation of property as it now stands in virtue of this revision is a more just and equitable one than the one it supplanted. Inequalities in assessment, of course, still exist. These, however, can be corrected for purposes of future taxation as brought to the attention of the department. It is believed, however, that for some years to come no further attempt at a general revision of assessments should be made. The internal-revenue agents will be instructed to note all new improvements made in their districts, whether in the way of the erection of buildings or the bringing under cultivation of unimproved land, and all destruction of property. They will also report on all cases referred to them where the department has any reason to suppose that the existing valuation is not a fair one. In this way the assessments will undergo a constant revision and improvement.

It is impossible, at the present moment, to make any accurate estimate of the difference that has resulted in the total valuations of property in the island, for purposes of taxation, as a consequence of the revision. The indications are, however, that the aggregate assessed valuation of property will have been increased somewhat—possibly as much as 10 per cent. This increase will be due not only to the raising of the assessment of properties which were undervalued at the previous assessment, but also to the listing of new properties which had escaped taxation or of values in the way of improvements that have come into existence during the previous year. The total increase would have been considerably greater but for the fact that there has been a serious diminution in the amount of personal property returned by the taxpayers. This disappearance of personality was expected, as it had been the universal experience in other countries that it is impossible for assessors to get track of this class of property, and taxpayers can not be depended upon to make an honest return of it. A certain amount of personality also has gone out of the island as a result of Spanish merchants disposing of their interests in the island and returning to Spain.

CHANGES IN THE SYSTEM OF TAXATION PROPER.

The change made in the provisions of the revenue law regarding the assessment of property constituted but one of the modifications introduced in this law as the result of legislation enacted at the second session of the legislative assembly. Others, scarcely less important, were made in the scheme of taxation proper. These were effected by the act entitled "An act to amend an act entitled 'An act to provide revenue for the people of Porto Rico, and for other purposes.'"

The most important of these changes were those having for their

purpose the more definite demarcation of the fields of taxation of the insular and municipal governments, respectively. The first essential of any correct system of taxation is the clear and logical apportionment of particular taxes to the different political bodies. The failure to do this constituted one of the unfortunate features of the revenue law as it was originally enacted. According to it both the insular and municipal governments obtained their incomes to a large extent from the same sources. The general property, the excise, and the corporation taxes were made sources of revenue, both for the insular government and for the municipal governments.

The utilization of the first of these taxes—the general property tax—for both insular and municipal purposes was unavoidable, owing to the peculiar conditions existing in the island. This tax is logically one that should be used by local governments. Inasmuch, however, as the insular government performs a number of services, such as the provision of educational facilities, the construction and repair of roads, and the maintenance of a police force, which logically should be discharged by local authorities, it is necessary for the central government to employ this form of local taxation in order to secure the necessary funds for the prosecution of these local duties. In the measure that it is possible for the insular government to surrender the performance of these duties to the local governments, in like degree can it relinquish in favor of these governments its employment of the general property tax.

The same justification for the use of the corporation tax and the excise taxes by both the insular government and the municipal governments, however, can not be urged. It is universally held that excise taxes are peculiarly a source of revenue for the central government. The whole tendency of modern tax reform is to make of the corporation tax likewise a tax exclusively pertaining to the central government. In the solution of the problem of providing the island with a proper fiscal system, both as respects the central government and the municipalities, the removal of this confusion of insular and municipal taxes was the first step requiring action.

The repeal of the provision requiring the apportionment of 15 per cent of the excise taxes to municipalities was desirable, both because it was wrong in theory and because it was inequitable in practice. The law required that the apportionment should be made according to population. This requirement worked a great injustice. Under it certain rural districts in which were collected little or no excise taxes and which, furthermore, had, comparatively speaking, little need for a large income, received a large share of the portion of excise taxes distributed, while other municipalities in which large sums were collected on account of the excise taxes, and which had great need for income, received a much smaller amount. While the discontinuance of

this system was desirable, it was believed that the change should not be made too abruptly and that time should be given the municipalities in which to adjust themselves to the new conditions. The act amending the revenue act as passed accordingly provided that for the fiscal year beginning July 1, 1902, the municipalities should continue to receive 15 per cent of the excise taxes as formerly, but that beginning with July 1, 1903, they should receive only 7½ per cent of these taxes, and that from and after July 1, 1904, the apportionment of such taxes to them should be wholly discontinued.

The reasons for the discontinuance of the system of the apportionment of the proceeds of taxes upon corporations proper among the municipalities were even stronger than in the case of the excise taxes. The theory upon which the original revenue act was framed seems to have been that the insular government and the municipal governments should, as far as possible, be treated alike in the matter of taxation and a division of the returns made between them, instead of having particular taxes assigned to the central and other taxes assigned to the local governments. While this division finds some justification in respect to the tax upon real estate, it finds none as regards the tax upon corporations proper, the latter being, as we have seen, legitimately a tax for insular purposes. The old law provided that corporations should be taxed upon their real and personal property practically as individuals for both insular and municipal purposes. The real estate of corporations was to be assessed and taxed in the district in which it was located, while the personal property—including in such personal property all rights, franchises, concessions, etc.—was to be directly assessed by the treasurer of Porto Rico. The law then goes on to provide that when the capital of a corporation is not divided into assignable shares it shall be assessed and taxed in the municipal district in which the principal place of business of the corporation is situated, but where it is divided into assignable shares, then the treasurer shall attempt to ascertain by whom these shares are held and apportion them, for purposes of municipal taxation, among the municipalities according to the extent to which they are held by residents of such municipalities.

This effort to give to the municipalities a share in the corporation tax other than that levied upon real estate owned by such bodies was in every respect an unfortunate one. To a considerable extent the stock of Porto Rican corporations is held in the United States or foreign countries, and there remains, consequently, only a small part held in the island. As the law provided that the stock held outside of the island should be credited to the municipality in which the corporation had its headquarters, it resulted that the municipality of San Juan received the greater part of the corporation taxes apportioned to the municipalities. Apart from these considerations of theory and equity,

moreover, this system presented serious administrative difficulties. In order to carry out the provisions of the law it was necessary for the treasurer to obtain from each corporation a list of the names and residences of all stockholders and the amount of stock held by each. He had, then, to make a calculation for each corporation separately of the taxes apportioned to each share, and to make a corresponding apportionment of the taxes to the several municipalities according to the residences of the shareholders. This necessitated an enormous amount of work and accounting on the part of both the treasurer and auditor of Porto Rico, and the results, with the exception of San Juan, were insignificant.

The act amending the revenue act does away with the whole system. It provides that real estate owned by corporations shall be assessed in the municipal district in which it is located and shall be subject to both insular and municipal taxation, as is the real estate of individuals. As regards the tax upon personal property of corporations—including in such personal property franchises, privileges, concessions, etc.—or the corporation tax proper, it provides that the treasurer shall determine the value of such property, for purposes of taxation, and that there shall be levied upon such valuation a tax of 1 per cent per annum, which shall be exclusively for insular purposes, instead of a tax of one-half of 1 per cent for insular and a further tax of one-half of 1 per cent for municipal purposes, the latter to be apportioned according to the residence of stockholders, as already described; and that such personality shall be exempt from all taxation by municipalities. This change will not only relieve the treasurer's office of a very expensive and cumbersome work, which was productive of small results, but puts the whole system of taxation of corporations upon a more logical basis.

Another change of some importance made by the act of 1902 was that in respect to the extent to which unpaid taxes constitute a lien against the property of the taxpayer. The section relating to this subject as it originally stood left it in some doubt as to whether unpaid taxes on account of real estate constituted a lien against only the property to which they related or all of the real estate owned by that taxpayer on the island. It was also provided that "taxes upon personal property shall be a lien upon the real and personal property of the owner as soon as they become due." It is scarcely necessary to say that this attempt to make the tax against personality a lien against such property was a futile one, it being impossible to follow such property into the hands of new owners. If the provision that it should constitute a lien against real property were literally construed, no man could safely purchase a piece of property without first satisfying himself that previous owners had paid all their personal taxes. The law was, accordingly, amended so as to make it perfectly definite that each piece of real property should be separately assessed and taxed and the

tax so imposed should be a lien against that property only; and the clause attempting to make the tax on account of personality a lien against such personality and also against the real estate of the owner was repealed. The provision, however, was made that after an attachment for delinquent taxes was actually taken out, such attachment should then constitute a lien against all of the property of the delinquent in the same manner as a judgment duly rendered in a court of law.

A number of changes were made by the amending act in the provisions of the original law having for their purpose the improvement of the methods provided for the actual administration of the law. The practical workings of the provisions of the law regarding excise taxes had revealed a number of particulars in which modifications could with advantage be introduced. Under the old law the only method given to the treasurer to enforce compliance with the provisions of the law was to arrest offenders and deliver them to the courts for criminal prosecution. In practice it was found that a great many petty offenses were committed, many of which merely consisted in the failure on the part of distillers, manufacturers, and merchants to comply with necessary regulations. If all such cases had been prosecuted it would have entailed a great burden of work upon both the courts and the treasurer's office. In practice, therefore, prosecutions were instituted only in the more important cases. The moral effect of this was bad. It was very desirable that authority should be conferred upon the treasurer in some way to punish such petty offenders through other means than by prosecution in the courts. The new act accordingly provides that the treasurer shall have power to impose, in an administrative way, fines of not exceeding \$10 in each case upon all persons willfully violating regulations issued by him regarding the payment of taxes, or upon petty defrauders whose offenses were not of a sufficient magnitude to warrant their prosecution in the usual way. This amendment went into effect upon the approval of the law and has already proven effective.

Another weakness that the old system developed was the fact that it was found almost impossible to induce the courts to impose an adequate punishment upon offenders where convictions were secured. The judges, without exception, availed themselves of the option given by the law to punish by fine or imprisonment by imposing the former penalty only, and the fines thus imposed were in many cases not equal to the amounts out of which the government had been defrauded. The punishment inflicted, in a word, did not amount to a sufficiently serious deterrent to the commission of fraud. The law was accordingly changed so that upon conviction for a second or subsequent offense of the same person both fine and imprisonment must be imposed.

Finally, provision was made in the new law for the encouragement

of the report of violations of the law by stipulating that persons making such reports should be entitled to receive one-half of the fine collected where the person informed against was convicted in consequence of such information.

A secondary, but nevertheless important, improvement from the standpoint of the administration of the law was also effected by conferring upon internal-revenue agents the same powers in respect to the attachment and sale of property for the satisfaction of delinquent taxes upon property that was possessed by the collectors and deputy collectors of internal revenue. They were also given the power to assess estates of decedents when the services of an expert accountant are required for valuing estates for purposes of the inheritance tax. This increase in the powers of internal-revenue agents will work well for a number of reasons. In the first place, the treasurer will have in his force of internal-revenue agents a body of men who can be used for purposes of enforcing the collection of taxes of every description. In this way the idea of concentrating the whole work of the assessment and collection of taxes in one bureau is completely carried out. It was found, also, that the system whereby reliance had to be placed upon collectors and deputy collectors of taxes for the attachment and sale of property for delinquent taxes resulted in great inconvenience. Not only should these officers be constantly in their offices for the receipt of taxes, but they were, moreover, often unfamiliar with the exact method of legal procedure to be followed in conducting tax sales. Mistakes were therefore liable to occur and the proceedings be vitiated. This work can now be done by revenue agents especially instructed and detailed for that purpose. The power given to them to assess the estates of deceased persons was a very necessary one, as the treasurer had often found himself embarrassed in his efforts to determine the value of estates through the want of some official duly authorized by law to perform this work.

A distinct departure has also been made in respect to the organization of the force of collectors and deputy collectors and the supervision of their work. The old law made provision for 9 collectors and 27 deputy collectors, or a total of 36 employees, located in the important towns, for the collection of the property tax. In addition to these, 41 stamp agents, who received their compensation in the form of a commission of 5 per cent on the value of stamps sold by them, were appointed for the sale of internal-revenue stamps. This system has been changed as a result of legislation enacted at the second session of the legislative assembly. Instead of 36 collectors and deputy collectors and 41 stamp agents, provision is made for 9 collectors and 51 deputy collectors, the office of stamp agent being abolished. As collectors and deputy collectors will henceforth be given the duty of selling internal-revenue stamps as well as that of the collection of

taxes upon property, this change will not only result in considerable economy as regards the expense of collecting taxes and the selling of stamps, but will permit of the location of a collector or deputy collector at 60 different places, instead of 36, as under the old system. It will thus no longer be necessary for collectors to leave their offices in order to go to different parts of the district under their supervision.

The most important change, however, in respect to the system for the collection of the property tax is that providing for the systematic inspection of the books of collectors and deputy collectors. Though every effort has been made to secure the best men obtainable for collectors and deputy collectors, several cases of defalcation have occurred since the organization of the system. It soon became evident that the only way in which the treasury could exercise an efficient control and supervision over the collectors was by the organization of a system for the frequent examination of their books, cash on hand, etc. As no provision had been made for such work in the appropriation bill for the fiscal year 1901-2, the treasurer was forced to detail one, and later two, of his clerks to the work of traveling about the island and inspecting the accounts of collectors and deputy collectors, paying their expenses from his general contingent fund. Whenever the treasurer had the slightest intimation that all was not right in the affairs of a collector or deputy collector, one of these employees was immediately dispatched to make an investigation. The utility of this work became more and more evident. Provision was therefore made in the appropriation bill for the fiscal year 1902-3 for the appointment of two traveling inspectors to be employed exclusively in this work. Henceforth this service will therefore constitute one of the regular branches of the work of the treasury department. By it the chances of loss through dishonesty on the part of the collection force will be reduced to a minimum.

The foregoing changes that have been described had for their purpose the perfection of the system of taxation, rather than its modification with a view to obtaining a greater or less revenue. Though the finances of the insular government are in a very satisfactory condition in so far as the due meeting of expenditures by receipts is concerned, nevertheless, in view of the fact that much important work for the benefit of the island remains to be done, every effort should be made to increase insular revenues, provided it can be accomplished without imposing too great a burden upon taxpayers. There is no class of taxes borne with less hardship by the general taxpaying public than those in the nature of excise and license taxes upon articles of optional consumption, such as liquors and tobacco. The rates upon these commodities should therefore be placed at such a figure as will produce a maximum income without crippling legitimate industry. The rates fixed by the revenue act of 1901 were in a number of cases

lower than circumstances seemed to justify. These rates have accordingly been raised in such cases. The tax upon beer and wine has been increased from 15 to 20 cents per gallon, and the rates for licenses to sell liquors and tobacco have been uniformly raised for all classes of dealers from 25 to 50 per cent. It is expected that a substantial increase to the revenues will accrue from these modifications

ADMINISTRATIVE REORGANIZATION.

During the period covered by this report a thorough reorganization of the office of the treasurer has been effected, so as to make of it a more efficient administrative machine. This reorganization was one of the matters most urgently demanding attention when the present treasurer assumed office. The building up of an administrative system and the working out of the details of departmental procedure are tasks that can not be accomplished in a short time. Until, moreover, the exact status and scope of the treasury department had been definitely determined a satisfactory organization and scheme of work could not well be adopted. The first organization of the office and the methods of conducting business that had been adopted therefore necessarily left much to be desired.

The first and most fundamental change required was that regarding the actual bureau organization of the office and the apportionment of the work. The treasury department is intrusted with the performance of a great variety of duties which, though relating to the general financial interests of the island, are yet so diverse in character that it is only by the creation of distinct services for their respective discharge that efficiency can be secured. The principle that should be followed is that of segregating the work of the department among bureaus and divisions conforming strictly to the different classes of duties to be performed, and making the chiefs of such bureaus and divisions primarily responsible for the administration of their offices. As far as possible this principle of the definite location of duties and responsibilities should be applied in the assignment of tasks to the individual employees. In this way only can the conduct of a department having varied classes of duties to perform avoid duplication of the work and secure prompt and efficient service.

The original organization was adopted at a time when it was impossible to foresee the relative importance of different classes of duties, or whether separate bureaus for their performance were necessary or not. In consequence of this lack of knowledge provision was made for an unnecessary number of bureaus, and the apportionment of work among them was not in all cases made along logical lines. Employees were carried on the rolls as of one bureau while performing work in another, many scarcely knowing to which bureau they belonged or to

what chief they were responsible. This condition could not but be detrimental to the esprit de corps of the force.

The most prominent defect as regards the organization was the failure to make of the office of the treasurer proper the administrative center of the department. Though provision had been made in the appropriation act for this office, there were carried under this head only the two officers, "treasurer" and "deputy treasurer." All other employees properly belonging to this office, such as the secretary of the treasurer, the mail clerk, the janitor, messenger, et al., were assigned in the appropriation bill to one or another of special bureaus. The treasurer had thus to make use of one of the bureau employees as his secretary and a bureau messenger as his messenger. The mail clerk was provided for in the bureau of accounts, and all of the mail was opened and cared for in that bureau. There was thus absent the first requisite of a proper departmental organization in the lack of a central executive office having charge of the general work of the department.

In framing estimates for the new appropriation act for the fiscal year 1902-3, provision was accordingly made for a complete change in the bureau organization of the treasurer's office, so as to remove the objections to the existing system that have been pointed out. In spite of the apparent variety of duties that the treasurer has to perform, it will be found upon examination that, with a few unimportant exceptions to be hereafter noted, they relate to one of three distinct categories of work—the keeping of books of account, showing receipts and expenditures; the administration of the insular revenue system; the supervision of the financial affairs of the municipalities. The new organization provides for a distinct bureau, in charge of a responsible head and with its own personnel, files, and records, to have control of each of these classes of work. In addition there will be the office of the treasurer proper, which will constitute the administrative nucleus for the whole department. The duties of these four offices more particularly will be as follows:

The office of the treasurer proper, as has been said, will constitute the administrative center. It will consist of the treasurer, assistant treasurer, secretary and stenographer, a receiving and disbursing clerk, a mail clerk, a messenger, and a janitor. Here all correspondence will be received, opened, properly recorded, and distributed for action among the respective bureaus. All general matters, such as applications for position, appointments, correspondence with the heads of other departments, etc., will here be directly taken care of and go into its general files. This office will also attend to miscellaneous duties, such, for example, as the inspection of banking, insurance, and other financial companies; the supervision of the system of weights and measures,

etc., which are not of sufficient immediate importance to warrant the creation of special services for their discharge.

The bureau of accounts will have entire charge of all matters relating in any way to bookkeeping and accounting. This will constitute its exclusive work, as it will no longer have to discharge duties legitimately belonging to the office of the treasurer proper. This work will consist in the keeping of two distinct classes of accounts—those of the treasury proper, showing receipts and disbursements of the treasurer, and those of the individual taxpayers. The bureau will accordingly be organized into two divisions for these two services, one having charge of the treasury accounts and the other of taxpayers' accounts. Besides these two classes of work, the chief of this bureau will also personally have control of the accounts of the treasurer, as special disbursing officer, and will act as the agent of the treasurer for the inspection of banks and financial institutions. Attached to this office will also be two examiners, whose duty it will be to travel from district to district inspecting the accounts of the sixty collectors and deputy collectors of taxes. Under the old organization the keeping of taxpayers' accounts was performed by the bureau of internal revenue. As this is a matter purely of bookkeeping, it is manifestly one that should be transferred to the bureau of accounts in order that all accounting operations may be concentrated in that bureau.

The bureau of internal revenue will in like manner have entire jurisdiction in all matters relating to the administration of the revenue system of the island. For this purpose it will be divided into two divisions, the one having charge of the enforcement of the collection of excise taxes, thus performing the work of the old bureau of internal-revenue agents, and the other having control of the assessment and administration of the property and inheritance taxes. A very great economy and increase of efficiency will be realized by thus consolidating in the one bureau the administration of all matters pertaining to taxation. Mention has already been made that the revenue law was amended at the last session of the legislative assembly so as to permit of the employment of internal-revenue agents not only for the enforcement of the payment of excise taxes but of the property and inheritance taxes as well, and also for their detail as assessors as occasion therefor may require. This obviates the necessity for the engagement of several sets of field employees, and at the same time gives the department a force that can be assigned to the performance of any matter relating to the administration of the tax system of the island as the exigencies of the service may demand.

The bureau of municipal finance will have as its exclusive duties the administration of the new system that has been provided for the

inspection of the accounts of the municipal comptrollers and treasurers, the receipt and examination of the reports required of these officers, and the taking action respecting all matters of municipal finance coming before the treasury department in any way. This work bids fair to be one of very great importance in the future.

The foregoing reorganization of the office of the treasurer was effected by means of suitable provisions incorporated in the appropriation act for the fiscal year 1902-3. The second class of administrative changes that were made, those relating to methods for the conduct of business and the keeping of records and files, required no legislative sanction and were accomplished by direct executive action.

The most important of this class of changes was that in relation to the organization and administration of the system for the collection of the general property taxes and the keeping of records of such tax payments by the individual property owners. The system that had been organized, and was in operation when office was assumed by me, necessitated an enormous amount of useless work on the part of both the collection force and the treasury department, and at the same time resulted in records that were far from satisfactory.

The theory upon which this system had been based seems to have been that there was a similarity between the collection of the internal revenues of Porto Rico and of the United States. The island was accordingly divided into nine collection districts and a collector put in charge of each. A further subdivision was then made into twenty-seven subdistricts, with a deputy collector for each. Following the theory of the internal-revenue system of the United States, each collector was supposed to be responsible for collections and the work of the deputy collectors in his district. This, notwithstanding the fact that deputy collectors were appointed directly by the treasurer of Porto Rico and bonded to the people of Porto Rico instead of to the collectors.

No greater mistake could have been made than this attempt to create a system for the collection of taxes in Porto Rico founded upon that for the collection of internal revenue in the United States. The two systems have almost nothing in common. In the first place, the collectors of internal revenue in the United States have to do with the collection of excise taxes, while in Porto Rico these officials are concerned only with the collection of the property taxes. Again, the conditions surrounding the collection of taxes in the two countries are radically different. In the United States the extent of territory and magnitude of operations are such that, from an administrative standpoint, it is desirable that there should be some decentralization of the supervision and control. In Porto Rico the territory to be covered is small and the conditions in each district are well known, so that there is no necessity for the delegation of the work of supervision.

On the contrary, the problems of administration here are such as to demand that such supervision should be as direct as possible.

The attempt thus to create a system for the collection of property taxes in Porto Rico modeled after that for the collection of excise taxes in the United States resulted in the establishment of an unnecessarily complicated system and, as has been said, called for a large amount of useless work. As deputy collectors were presumed to be subject to the authority of collectors they were required to report all collections and render other returns to collectors in addition to the preparation and rendition of similar reports and returns to the treasurer of Porto Rico direct. The collectors, upon receiving these returns from the deputy collectors, would incorporate such returns in their own reports to the treasurer. This procedure of course exactly doubled the work to be performed by both the collectors and deputy collectors. The greatest waste which this system entailed was the necessity for supplying each collector and deputy collector with a copy of the tax rolls for his district showing the name, assessed value, and amount of taxes due from each taxpayer, and a so-called apportionment sheet likewise containing the name and assessment of each taxpayer and the amount of taxes to be paid apportioned according as to whether it was upon agricultural real, urban real, or personal property. A third copy of the tax rolls and apportionment sheets had also to be prepared for use in the office of the treasurer itself. It thus resulted that what practically amounted to a copy of the tax rolls, showing the name of each taxpayer, the assessed value of his property, and the tax to be paid by him, with certain other data, had to be made no less than six times. When it is stated that such rolls embraced between sixty and sixty-five thousand names, and that, according to the system, this labor had to be performed anew each year as an original undertaking, the magnitude of this work may be appreciated.

An examination of what should constitute the essential duties of collectors of the property tax will show that not only was no useful purpose served by furnishing those officials with copies of the tax rolls and apportionment sheets, but that doing so simply made their work more complicated and burdensome. The function of the deputy collector of taxes is, in reality, a simple one. He should receive and be charged with tax bills representing amount of taxes to be paid in his district; he should receive the money from taxpayers and surrender the receipts corresponding to such payments, and he should duly deposit and account for the moneys thus received, such accounting to be made direct to the treasurer. The system of requiring deputy collectors to report through the collectors resulted in no additional protection to the treasury. The requiring from him of any additional labor in the way of keeping books is a mistake. The practice that had been adopted of furnishing each collector and deputy collector

with the apportionment sheets, which they were directed to fill out showing the payment of taxes made by each taxpayer according as to whether it was on account of urban real, agricultural real, or personal property, had absolutely no justification. It simply meant turning over to these officials work which should be done in the office of the treasurer proper and which, in fact, had to be done by that office in examining the work of such officials.

Nothing short of an entire reorganization of the system for the collection of the property taxes would suffice to remove the disadvantages that have been pointed out. Such a reorganization has, accordingly, been effected. Though the system still calls for collectors and deputy collectors, the difference between these two officials is little more than one of name, the officers in charge of the nine more important districts being denominated collectors while the remaining officials are designated deputy collectors. For convenience of audit the deputy collectors will continue to make their deposits through the collectors, and the auditor of Porto Rico will consequently have to audit the accounts of only nine officials instead of sixty. The collectors also act as disbursing officers for their own offices and those of the deputy collectors within their district. It is doubtful whether this practice presents any advantages, but it was not practicable to make a change in this respect. In all other respects, however, each collector and deputy collector will have the same work to perform—that, namely, of the collection of taxes within a particular district and the direct accounting therefor to the treasurer of Porto Rico.

The whole system of supplying collectors and deputy collectors with copies of the tax rolls and apportionment sheets has been abolished, such work serving no useful purpose. Henceforth the preparation of the data contained on these tax rolls and apportionment sheets will be made but once. The key to the new system which has been devised for keeping the record of tax payments and their apportionment according to the character of the property on account of which they were made lies in the adoption of the card-record system. A separate card will be prepared for each taxpayer, showing the total assessed value of his property, the rate of taxation, and the amount of taxes to be paid semiannually on account of insular revenues, general municipal revenues, special school or other taxes that may be levied, and the apportionment of such taxes according to the character of the property against which the levy of taxes is made. These cards will then be arranged alphabetically according to municipalities and barrios. As payments of taxes by property owners are reported by the collectors and deputy collectors, it will thus be possible instantly to turn to the cards containing the records of such property owners and make the proper entries. The advantage of the adoption of this card system lies not only in the ease with which the accounts of individual tax-

payers can be found, but in the fact that when once the cards are prepared they will serve for an indefinite number of years, thus obviating the necessity for making out new tax rolls each year. All that will be required will be to make out additional cards as the names of new taxpayers are added and to cancel those cards of persons whose names should be stricken from the rolls. A very great benefit will result moreover from the fact that the complete record of the payment of taxes by each individual taxpayer can thus be had in one place. It will thus be possible to supply information as to whether all back as well as current taxes have been paid by a property owner, as well as the dates of such payments, with expedition. The record of tax payments for the fiscal year 1901-2 will be transferred to these cards, in order that they may afford a complete record of all tax payments under the present system of property taxes.

Another class of administrative changes that have been made relates to the system followed in the handling of correspondence and the keeping of proper records and files. A general files had been started in the bureau of accounts in which were filed, according to date of receipt, miscellaneous communications, as well as routine reports from collectors and deputy collectors of taxes, stamp agents, and others. This files was overhauled and a special files started for all matters pertaining to the bureau of accounts, all miscellaneous communications being carried to a new files known as files of the office of the treasurer proper. A system of subclassification within these files was also adopted, so that all routine communications were arranged according to subject-matter instead of being indiscriminately filed in one place according to date of receipt.

The practice of conducting correspondence by means of indorsements on the back of the communications themselves, a legacy of the military régime, has to a considerable extent been abandoned. Such a system is strictly applicable only where communications are referred from one bureau of a department to another, or where a communication is referred to another department for appropriate action. This method of conducting correspondence has accordingly been discontinued in the case of communications with private individuals. It is continued, however, in its legitimate field of intergovernmental correspondence. The practice of depending upon letterpress copies for records of all communications emanating from the department has also been modified. With the more methodical classification of files the use of carbon copies, to be filed with the communications to which they refer, can more advantageously be employed. In this way all documents relating to a matter can be readily found in one place and more easily consulted.

Of especial importance has been the starting of certain books and files showing the action of the department in respect to the conduct of

affairs by it. Though this department has to deal with a large force of employees, both in the office proper and in the field, for the collection and inspection of the payment of taxes, no record book had been opened showing appointments, dates of promotion, transfers, leaves of absence, dismissals, etc. There were also no files of applications for appointment nor of the papers of persons actually employed. This omission has now been supplied, and the papers of all applicants and appointees, and the subsequent records of the latter, are now complete and readily available. A similar record book has been opened showing all the property under the custody of the department, and all requisitions of a permanent character will henceforth be entered with the date of purchase, price paid, etc., and all alienation or loss of property in like manner noted. Finally, it may be mentioned that as the duties of the department have become more definitely determined, it has been possible to reduce various branches of work to routine action by the employment of suitable forms, where recourse was formerly had to general correspondence.

In conclusion, it is again desired to point out that while it was believed to be desirable that a full report should be made regarding action that has been taken affecting in any way the conduct of affairs of the treasury department, it is hoped that the changes made will not be interpreted as a criticism of former methods. The details of treasury work are varied. The coordination of their performance into a logical system could not be accomplished until the scope and status of the department had become more or less fixed. Even now when this condition is realized and advantage can be taken of a longer experience, it can not be pretended that the changes made will result in a system satisfactory in every respect. As in the case of other mechanism, it is only by the constant observation of its workings and the introduction of changes as friction or deficiency is noted that the administrative machinery of the department can be brought to its full efficiency.

MUNICIPAL FINANCE.

Introductory.—Questions relating to municipal finances have continued to be among the most important matters with which the insular government has had to deal, and have accordingly received an unusual amount of attention during the period under review by both the legislative assembly and the treasury department.

Material modifications in the system of local taxation were effected through legislation enacted at the last session of the legislative assembly. The application of larger sums to purposes of education and improvement of roads by municipalities has been made obligatory through provisions in the law authorizing the levy of special taxes for the former purpose and the devotion of a certain proportion of the receipts derived from property taxes to a special fund for the latter.

The whole system for the voting of annual budgets of estimated receipts and appropriations to meet expenditures; of the organization and duties of the offices of municipal treasurer and comptroller, and of the administration of their financial affairs generally by municipalities has been radically changed by the new municipal law. The manner in which the insular government will henceforth exercise a supervision and control over local finances has been put upon an essentially different basis. A new and logical system for municipal accounting and audit has been prepared by the Treasury Department, and dating from July 1, 1902, must be uniformly employed by the municipalities of the island. These bodies from that date must also submit regular reports to the insular treasurer showing their financial operations in such form and detail as that officer may direct. An equitable adjustment of the large amount of floating obligations with which several of the municipalities have long been burdened is being effected in virtue of the authorization given to these bodies to fund them by the issue of interest-bearing certificates payable in installments during the succeeding five years. Four of the more important municipalities have successfully floated issues of bonds aggregating \$1,100,000 at or above par for the purpose of making public improvements. These are some of the more important events which make the period under review a notable one for the progress made in working out the vexed problem of efficient local government in the island.

For present purposes of examination the problems of municipal finance which have presented themselves for consideration may be grouped under the following seven heads: (1) Powers of taxation, (2) limitations upon objects of expenditure, (3) preparation and voting of annual budgets, (4) insular supervision of municipal accounting and audit, (5) power to incur bonded indebtedness, (6) conversion of floating debts into certificates of indebtedness, and (7) work of the bureau of municipal finance.

Powers of taxation.—The powers of municipalities regarding taxation were affected by a number of laws enacted at the second session of the legislature. The changes made by the act amending the general revenue act of the preceding session in respect to the apportionment of the excise and corporation taxes among municipalities have already been commented upon. The effect of these changes will be to bring about a complete divorce of the systems of insular and municipal taxation, with the exception that both systems will include a general tax upon property. Not only was this step one in accordance with the principles of sound finance, but it was one which had to be taken if municipal government was ever to be put upon a basis where real responsibility would exist and be brought home directly to those in control of local affairs. The system whereby municipalities received the larger part of their income in the way of remittances from the

insular government could not but be demoralizing and contribute to the weakening of the sense of independence and selfgovernment. The careful scrutiny of the appropriations and the economical spending of money can hardly be expected until the persons voting the money are made to feel more directly the responsibility of providing the funds to be expended.

It is true that the discontinuance of the payments of a portion of the excise and corporation taxes will lessen the income of municipalities. On the other hand, the reorganization that has been effected in local government will reduce considerably the demands that will have to be met by their treasuries. The consolidation of municipal districts, the limitation placed upon salaries that may be paid, and the assumption by the insular government of the duty of policing the island should result in economies of importance. A further compensation can also be expected from the gradual increase of receipts from the property tax and in the improvement of certain features of local taxation.

Among other acts affecting municipal taxation the most important is that which authorized municipalities to impose a special school tax of not to exceed one-tenth of 1 per cent upon all property, to be levied and collected in the same manner as is the general tax upon property. The proceeds of this tax must be carried to the special school funds, to be devoted exclusively to educational purposes. A considerable number of the municipalities have already availed themselves of this power and provided for special school taxes for the coming fiscal year.

The new municipal law made no changes of importance in respect to the powers of municipalities to impose and collect taxes. It merely continued in force existing provisions, while making them somewhat more definite. The section of the law relating to this subject reads as follows:

SEC. 60. That any municipality shall have power to derive its revenues from the following sources, and no taxes, imposts, excises, other than those herein enumerated, shall be levied by a municipality, unless expressly authorized by this act or by the laws of Porto Rico:

- (1) The income from municipal markets, slaughterhouses, cemeteries, waterworks, gas works, or other property owned by the municipality.
- (2) The income from any taxes apportioned to the municipality by the laws of the island.
- (3) The proceeds of any tax on real and personal property situated within the municipal district, duly authorized by the legislative assembly and not exempted by the laws of the United States, nor by any act of the legislative assembly.
- (4) Such license taxes as may be authorized in pursuance of the act entitled "An act to provide temporary revenues for the municipal districts of Porto Rico," approved January thirty-first, nineteen hundred and one, which act is hereby continued in force from and after June thirtieth, nineteen hundred and two, until repealed or modified by act of the legislative assembly.

- (5) Fines imposed by police and municipal courts.
- (6) Fees for issuance of certificates of registration of cattle brands at the rates fixed in this act.
- (7) Charges for licenses for vehicles, boats, peddlers, billiard tables, pawn brokers, and river and harbor ferries at rates fixed by ordinance.
- (8) Charges for permit to place seats for hire, or booths, in public places.
- (9) Charges for permits for public amusements and shows.
- (10) Charges for dog licenses.
- (11) Charges for permit for sewer connection.
- (12) Contingent receipts and interest on public funds.

It will be seen from this statement that the main sources of revenue of municipalities at the present time consist of:

(1) A tax of not exceeding one-half of 1 per cent upon the assessed value of all property within their respective districts.

(2) Fifteen per cent of the proceeds of the insular excise taxes, apportioned among the municipalities in proportion to their population. This source, as has been pointed out, will cease to be available after June 30, 1904.

(3) Business license taxes approved by the executive council.

(4) Miscellaneous receipts, such as rentals, fines, permits, etc.

The most uncertain feature of this system, and at the same time most unsatisfactory as regards its practical administration, is that of the business license taxes. The authority for the imposition of these taxes is found in an act of the first session of the legislative assembly, which provided that for the fiscal year 1901-2 municipalities might levy and collect special local taxes provided such action was first approved by the executive council. This act virtually amounted to the reestablishment of the old industry and commerce tax, which had been abolished, though the method of its imposition was somewhat changed. The new municipal law continued this act in force until specifically repealed.

In the practical administration of this tax it was necessary that each municipality should first vote an ordinance fixing a schedule of business licenses and submit it to the executive council for approval. The latter body was thus charged with the responsibility of determining the advisability and fairness of the provisions of each ordinance. Though the advice of the treasury department was in all cases solicited before action was taken, it was even then impossible to secure the information absolutely essential in order that a correct judgment might be reached. The main difficulty met with by the executive council was that no two ordinances were alike as regards either form or provisions, and it was consequently impossible to observe any very general principle in approving or disapproving special licenses or rates. To remove this obstacle the treasury department prepared a form of ordinances containing not only the general provisions that an ordinance of this character should embrace, but an enumeration of the

various classes of businesses properly subject to the payment of a license tax. These businesses, moreover, were classified into appropriate groups according to their character—whether wholesale or retail; factories, stores, or small shops, etc. This form of ordinance was then presented to the executive council, and that body, by appropriate resolution, provided that in the future all municipalities desiring to levy taxes of this character should make use of this form.

The adoption of this mode of procedure has already been productive of great benefit. The executive council now has all of the ordinances levying special taxes come before it in such a way that their provisions can be plainly seen and those of the different municipalities compared with each other and with the action of former years. It is important to note that in thus fixing the form of ordinance and the classification of businesses for purposes of taxation no infringement has been made upon the powers of municipalities to fix the special rates or select the businesses to be taxed. This power rests with the executive council and is only exercised, as in the past, after the ordinances as passed by the respective municipal councils come before it for approval. A tabulated statement of rates imposed by the different municipalities is kept in the treasury department, which, as times goes on and a greater conversancy with local conditions is obtained, will furnish a valuable guide for future action. Even with the employment of this form it can not be said that this system of license taxes is in every respect satisfactory. It will, however, have to be retained until such time as a general revising of the system of local taxation may be deemed desirable.

Limitations upon objects of expenditure.—A feature of the new legislation regarding municipalities has been the effort to determine more definitely the exact purposes to which municipal revenue shall be devoted. This has been done in order, on the one hand, to limit the misapplication of public funds—which has characterized the administration of municipalities in the past—and, on the other, to insure that certain public services of importance, such as education and road improvement, will be adequately performed.

The first of these considerations has been met directly by provisions in the new municipal law limiting the salaries that may be paid the more important officials, and indirectly by the obligations placed upon municipalities to devote a considerable portion of their expenditures to works of public improvement.

The second is provided for by the requirement, just noted, that a certain proportion of the public revenues shall be carried to special funds to be expended upon particular measures of improvement, and the further requirement that provision must be made for certain objects, such as the transportation of insular police, payment of salaries of justices of the peace, etc. Of these, the first is much the more impor-

tant. The general school law enacted in 1901 provided no less than 10 nor more than 20 per cent of all taxes collected and funds received from the insular treasury by any municipality should be set aside as a school fund, to be expended exclusively for the support of education. This provision was amended by an act passed at the second session of the legislative assembly, in 1902, so as to make this minimum and maximum proportion of tax receipts that must be devoted to education 15 and 25 per cent, respectively.

Scarcely less important than the need of definitely fixing the duties and obligations of municipalities in respect to education was that of determining in a similar way their responsibilities in relation to the opening and maintenance of country roads. This need was met by the passage at the second session of the legislature of an act entitled "An act to divide Porto Rico into road districts and to provide for building, maintaining, and repairing country roads," approved March 1, 1902. This act provides that the island shall be divided into seven road districts conterminous with the election districts. Each of these districts must be organized under the act as a body corporate, the government of which is vested in a board of road supervisors. This board is given very extensive powers regarding the opening, laying out, and maintenance of local highways. To execute this work it is evident that considerable sums of money will be required. The act accordingly provides that no less than 25 per cent of all taxes collected on real property within the rural portion of every municipality shall be set aside as a special road fund, to be expended by the board of road supervisors exclusively upon the construction and maintenance of local roads within the district.

There has been considerable complaint in the past that while rural property has borne the chief burden of taxation it has received little or none of the benefits of municipal expenditures. The foregoing provision will correct this injustice, which was a real one, and at the same time insure that a much-needed work will be continuously prosecuted.

Preparation and voting of annual budgets.—Among the changes effected by the new legislation respecting municipalities that in regard to the manner in which their annual budgets of receipts and expenditures should be prepared, voted, and approved is of special moment from the standpoint of the powers and duties of the insular treasury over municipal finances.

Under the Spanish system, which continued in force until the adoption of the new municipal law in 1902, each municipality prepared during the closing months of the fiscal year a budget setting forth its estimated receipts and its proposed expenditures for the ensuing year. The budget as thus prepared had to be submitted during Spanish domination to the diputación provincial and later to the

insular treasurer for his approval. The power thus possessed by the insular treasurer over municipal budgets was, however, more apparent than real. In passing upon the budgets his only authority lay in seeing that no law was actually violated through the imposition of an illegal tax, the failure to provide for a legal obligation, or the voting of an appropriation for an illegal purpose, and that the two sides of the budget balanced. He was not empowered to pass upon the wisdom of the imposition of any impost permitted by law nor the desirability of particular appropriations. Especially was the authority vested in him to see that the budget balanced an illusory one. It rested upon the municipal authorities to estimate the yield of proposed taxes, and such estimates were not subject to revision by him. The municipal authorities were thus able first to fix the expenditures they desired to make and then to balance the budget by putting such computation as they pleased upon the yield of taxes imposed. The result of this practice was that it was a usual thing for the fiscal year to close with a deficit, which had to be carried over to the next fiscal year as an unpaid obligation. To make matters worse, the uncollected balances of taxes were carried forward from year to year as available assets. While the budgets of municipalities thus presented each year an apparent balance, there was, nevertheless, a constantly increasing floating debt that could not be met. Unless a radical change was made in some way it was a question of but a short time before a condition of practical insolvency would have been reached by many of the municipalities. In another part of this report is given an account of the manner in which provision was made for the liquidation of the floating debt that had already been incurred. To prevent a further accumulation of such indebtedness it was imperative that the whole system for the voting and approval of the budgets should be changed. This was accomplished by the insertion of suitable provisions in the new municipal law.

This law requires, in the first place, that each municipality shall provide in an annual budget for all taxes that will be levied and all expenditures that will be made during the ensuing fiscal year, and that thereafter no additional taxes shall be imposed or further expenditure of money authorized. The practice of voting new taxes and appropriations or of transferring appropriations from one item of the budget to another during the entire course of the fiscal year will no longer be tolerated. The radical departure from the old system, however, is the repeal of the provision that all such budgets shall be submitted to the treasurer of Porto Rico for his approval before becoming effective. This provision, as we have seen, gave to the treasurer but little real control, while having as a result the weakening of the sense of responsibility upon the part of the municipal authorities. To have modified it so as to have made the power of the treasurer a real one would have

meant practically a denial of self-government to the municipalities. If an advance was to be made in building up responsible local self-government on the island, it was absolutely essential that the municipal authorities should be given power over their own finances and their obligations in respect to this matter be directly brought home to them.

While a far greater freedom than they have ever enjoyed in the past is thus conferred upon the municipal authorities in respect to the management of their finances, careful provision is made that all of their legal obligations shall be discharged. It is in this important particular that the greatest improvement is made over the old system. Through it the constant increase of unpaid floating obligations will in the future be rendered impossible. The new law thus provides that in the framing of its annual budget each municipality must, first of all, make provision for the meeting of any deficit that may have resulted from operations in prior years, for all expenditures for which it is obligated in consequence of contracts already entered into, for all payments imposed upon it by the laws of Porto Rico, and all payments on account of final judgments rendered against it by any competent tribunal. As long as a municipality faithfully complies with these conditions the insular government can not intervene, but if in any budget it fails to do so the law requires that its next budget shall be submitted to the treasurer of Porto Rico, who is given full power in such cases to make any change in the budget that he deems necessary in the way either of reducing or eliminating items of expenditure or increasing proposed rates of taxes, license fees, etc., for the purpose of insuring that the obligations of the municipality will be met.

It will be observed that according to these provisions municipalities are to be treated exactly as are ordinary corporations. Within the limits of their charters they are allowed full freedom of action as long as they fulfill all of their legal obligations, but as soon as they default in any respect the State steps in—in the one case by the intervention of the treasurer and in the other by the appointment of a receiver under the authority of the courts—to manage the affairs of the defaulting corporation until all legal requirements have been complied with. The essential difference between the old and the new systems, therefore, lies in the fact that under the old the insular government intervened in every case, whether the municipality had acted wisely and properly or not, while under the new such intervention is had only in the event that the municipality fails to discharge its legal obligations. When it intervenes, however, such interposition will be effective. For the first time, therefore, municipal officers are put in a position where they must feel a real responsibility, and the central government is relieved of much vexatious work, while obtaining that power to maintain public credit not heretofore possessed.

Insular supervision of municipal accounting and audit.—Far the most important step, however, that has yet been taken for the improvement of municipal finances on the island is that produced by provisions in the new municipal law which authorize the treasurer of Porto Rico to prescribe the manner and form in which municipal treasurers and comptrollers shall keep their books of accounts, deposit all moneys, and make all disbursements; to make such examination of the financial operations of municipalities as he may deem necessary; and to require such annual and other reports from municipal treasurers and comptrollers as will enable him to keep himself thoroughly informed regarding the manner in which the financial affairs of the municipalities are being administered.

The tremendous significance of these provisions as essential features of any scheme for the improvement of municipal finances in Porto Rico needs hardly to be commented upon. For the first time it will give to the central government an effective means of holding the municipalities to a rigid accounting of the manner in which their affairs are administered. For the first time, also, the government will be able to obtain that information regarding municipal receipts and expenditures which should furnish the guide for all action relating to municipal taxation. In a way the possession of this power may be said to constitute the first requisite in any general programme for the improvement of local government on the island.

The scheme of supervision over municipal finances thus vested in the insular treasurer comprehends three successive steps: First, the preparation by that officer of a code of regulations setting forth in detail the precise manner in which municipal treasurers and comptrollers shall keep books of accounts, deposit all funds, audit all claims, and make all payments from the municipal treasury; second, the organization of a system of inspection in order to insure that the provisions of this system are being rigidly complied with, and, third, the requirement of systematic reports showing actual financial transactions and conditions.

Immediately upon the passage of the law imposing these obligations the treasury department entered upon the work of carrying them out. Through the bureau of municipal finance, which was admirably equipped for this purpose, there has been prepared a set of regulations regarding municipal accounting and deposit of funds. These regulations set out in detail the exact books which must be kept by the municipal treasurers and comptrollers; the manner in which moneys must be deposited; the requirements that have to be met and the vouchers produced before the comptrollers can order any payments to be made, and the conditions that must be filled before the treasurers can make any payments. In all cases models are given in the regulations showing the exact character of each book, voucher,

warrant, or other document that must be used. These regulations, which will replace the cumbersome system of accounting previously in force, will provide a simple system readily understood by the least intelligent employee of the most unimportant municipality, while at the same time preserving sufficient elasticity of method to meet the more complex requirements of the larger cities.

In a general way the principles contained in the system of book-keeping and accounting employed by the insular government have been followed, though the actual requirements have been much simplified in view of the simpler conditions to be met. Every needful check and safeguard, however, it is believed, have been retained. Briefly, the system provides that moneys belonging to the municipalities shall be paid to, and all disbursements be made by, the municipal treasurers exclusively; that wherever either of the insular depositaries made provision for that purpose use shall be made by municipal treasurers of such institutions for the custody of all municipal funds, and payments shall be made exclusively by drafts upon such accounts; that payments shall be made by such treasurers only against warrants executed by the municipal comptrollers countersigned by the alcaldes; that receipts shall be issued by municipal treasurers for moneys received by them, which receipts shall not be valid until countersigned by the comptrollers; that the latter officers shall carefully examine all claims against the municipality and shall not issue warrants for their payment until they have satisfied themselves that such claims are just, that there is an appropriation therefor in the budget, that the same is not exhausted, that there are funds available for their payment, that the expenditures are duly evidenced by proper vouchers, and that the services have been actually rendered or supplies furnished. Record of all these transactions must be kept in the books of account as prescribed by the regulations. Especial care has been taken in formulating the system that must be observed, and the vouchers that must be obtained, by municipal corporations in the purchasing of supplies and the remuneration of their employees. Copies of these regulations, with models of forms attached, have been printed and furnished all municipal treasurers and comptrollers. Books of forms corresponding to these can be obtained from the establishment printing the regulations, or elsewhere, by special arrangement, as the different municipalities may determine.

It is not sufficient to prescribe a system of fiscal administration. Adequate provision should also be made for explaining its provisions to those who will be charged with its actual operation, and of enforcing compliance with its terms where necessary. This is done in the provision of the law which authorizes the treasurer of Porto Rico, personally or by deputy, to examine into the financial operations of any municipality whenever so directed by the governor. To enable him to

do this the general appropriation bill provides for two examiners of municipal accounts, to be permanently attached to the bureau of municipal finance. In making their examinations these examiners have full power to require the production of all cash, papers, or securities, and to compel the attendance and testimony of any person believed to possess information of value in relation thereto. Refusal to give such testimony is made a misdemeanor and punishable by fine or imprisonment. If any irregularity or negligence is found to exist on the part of any official the matter can be reported to the governor of Porto Rico, who has full authority to suspend or remove the delinquent and to direct the attorney-general of Porto Rico to institute such civil and criminal proceedings as may be deemed necessary for the protection of the financial interests of the municipality or island.

Finally, the law confers upon the treasurer of Porto Rico the power to require such annual and other reports from municipal treasurers and comptrollers as he deems proper. Through these reports a knowledge of the workings of local government and the efficiency and honesty with which affairs are managed can be secured that has never before been obtainable. Were no other object attained than that of securing uniformity in practice, and report as regards financial operations, the resulting gain would be of extreme value.

In concluding this account of the system that has thus been provided for the supervision of municipal finances by the insular government, it is important to note that, while rigid as regards accounting, it comprehends in no way a vexatious interference with the liberty of municipalities to do as they please with their own funds. It merely requires that the use that is made shall be properly evidenced, recorded, and reported, and is thus putting in practice a measure ardently advocated by partisans of municipal reform throughout the United States.

Power to incur bonded indebtedness.—The power to incur bonded indebtedness, subject to the approval of the executive council, was conferred upon municipalities having a population of 10,000 inhabitants or over by an act of the first legislative assembly. This act sets forth in detail the conditions that must be observed by the municipalities availing themselves of its provisions.

Four municipalities—San Juan, Ponce, Mayaguez, and Arecibo—have thus far sought and obtained authorization from the executive council to issue bonds under this act, and have perfected such issue. The San Juan loan is for \$600,000; those of Ponce and Mayaguez \$200,000 each; that of Arecibo for \$100,000. All of these loans bear interest at the rate of 6 per cent per annum, and their date of issue is the same—January 1, 1902. They are redeemable in ten years and payable in twenty years. The Mayaguez and Arecibo loans were made at par; a premium of 3.0625 per cent was obtained in the case of

the San Juan loan, and of 3.5 per cent in the case of the Ponce loan. As the actual delivery of the bonds was made subsequent to the date of issue in all cases, each of these municipalities received a certain amount of accrued interest.

The purposes for which these loans were contracted are a matter of general interest. The law requires that the ordinances authorizing the loans shall state specifically the objects for which they are contracted, and that the proceeds realized can not be devoted to any other use unless the consent of the executive council is first obtained. Following are the statements contained in the respective ordinances regarding the purposes for which the indebtedness is incurred:

SAN JUAN LOAN.

1. To refund the bond issue of January 1, 1897	\$264,000.00
2. To fund the floating debt, including interest on said bonds to December 31, 1901	117,702.69
3. To put in proper condition the waterworks which remained uncompleted under the original contract.....	50,000.00
4. To construct sewers in Luna, Sol, and San Sebastian streets and the crossings of such streets	60,000.00
5. To construct a suitable home for the indigent poor of San Juan	25,000.00
6. To pave and repave streets	83,297.31
Total	600,000.00

By a subsequent ordinance the municipality of San Juan was authorized to devote the further sum of \$19,014.61, being the premium and accrued interest received by it on account of the loan, to the following objects, in the order named, viz:

1. Cost of advertisement, consulting, engraving, publication, and delivery of the bonds and other expenses connected therewith.
2. Salaries of school teachers of San Juan for October and November, 1899.
3. The laying out and improvement of McKinley Park.
4. The construction of a public laundry.

PONCE LOAN.

1. To pay off the floating indebtedness of the city of Ponce to June 30, 1901, and to convert the same into a funded debt	\$103,288.76
2. To construct a civil cemetery	25,000.00
3. To enlarge and construct municipal buildings.....	27,000.00
4. To improve aqueduct	20,000.00
5. To establish a telephone plant for the police and fire departments ..	3,000.00
6. To construct a chemical laboratory	2,000.00
7. For the improvement of squares, streets, and sidewalks of the city..	19,711.24
Total	200,000.00

MAYAGUEZ LOAN.

1. To pay off the floating indebtedness of the city of Mayaguez and to convert the same into a bonded debt.....	\$26,772.30
2. For completing the aqueduct	20,000.00
3. For laying sewers, sidewalks, and gutters, as follows:	
For construction of sewerage	\$100,000.00
For construction of sidewalks.....	5,000.00
For construction of gutters	2,000.00
	107,000.00
4. For the enlargement and construction of public buildings, as follows:	
For enlarging asylum for the poor	7,000.00
For enlarging hospital	3,000.00
For constructing slaughterhouse	6,000.00
	16,000.00
5. For the following necessary improvements:	
Improving and grading streets.....	14,227.70
Improving and grading roads.....	16,000.00
	30,227.70
Total	200,000.00

ARECIBO LOAN.

1. To pay off the outstanding indebtedness of the city of Arecibo, due to the Spanish Bank of Porto Rico on account of loan to the city of Arecibo.....	\$28,057.34
2. To pay the balance due to the contractor on the aqueduct works	5,655.00
3. For completing the aqueduct	21,000.00
4. For establishing an electric-lighting system.....	22,000.00
5. For constructing sewers and lighting streets in the city	23,287.66
Total	100,000.00

An examination of the foregoing statements will show that of the aggregate amount of bonds issued by the four municipalities—\$1,100,000—nearly one-half, or exactly \$545,476.09, was for the purpose of paying prior issues of bonds or outstanding obligations of one character or another. The new debt actually created thus amounts to but \$554,523.91. Of this latter amount, \$111,000 will be applied to the construction or improvement of the waterworks of the respective municipalities. Arecibo will devote \$22,000 to the erection of an electric-lighting plant; San Juan, \$25,000 to the construction of a home for the indigent poor; Ponce, \$25,000 for the acquisition and laying out of a civil cemetery. The remainder of the proceeds of the loans will be, for the most part, employed for general municipal improvements in the way of the construction of sewers, the enlargement or construction of public buildings, and the laying out and paving of streets, squares, sidewalks, etc.

One of the provisions of the act authorizing the incurrence of bonded indebtedness was that wherever this was done there should be levied a special tax sufficient in amount to realize the sum required for the

semiannual payment of interest, and a further sum equal to one-twentieth part of the par value of the bonds, which should be carried to a sinking fund for the redemption of such bonds. In the case of all four of the municipalities issuing the bonds the special tax levied has been in the shape of an additional tax upon real and personal property as assessed for purposes of general taxation. A rate of six-tenths of 1 per cent has been fixed in the case of San Juan for the fiscal year 1902-3. In the cases of the other municipalities the tax has been levied by the calendar year in order that it may run with the interest payments required on the bonds. For Ponce the rate for the calendar year 1902 is three-twentieths of 1 per cent, and for the calendar year 1903 four-twentieths of 1 per cent. For Mayaguez the rates for the calendar years 1902 and 1903 are seven-twentieths and eight-twentieths of 1 per cent, respectively, and for Arecibo six-twentieths and seven-twentieths, respectively. A lower rate was required for the calendar year 1902 in each case owing to the fact that the accrued interest received on the bonds was available for the payment of the interest for that year.

It is evident that the incurring of bonded indebtedness has imposed upon property owners a material increase in the amount of taxes to be paid by them. Whether they will receive an equivalent return in the form of public improvements will depend entirely upon the care and economy with which the proceeds of the bond issues are expended. It is much to be hoped also that the arrangements that will have to be made with financial institutions regarding the custody of the sinking funds will be of such a character that a considerable income will be obtained in the way of interest on the money deposited. If this desirable object is attained the burden of taxation on account of the bond issues will be constantly diminished.

Conversion of floating debts into certificates of indebtedness.—In the general effort to put municipal finances upon a better footing it was desirable in the extreme that something should be done in the direction of providing for the payment of the heavy floating debt with which most of the municipalities were burdened. For years the municipalities have been hampered with this debt, which, as has been stated, tended constantly to increase. Many of the debts were of long standing, dating back in some cases ten or fifteen years. The failure to pay these claims represented practical repudiation on the part of the municipalities. The solution of this problem of municipal solvency presented, therefore, one of the most difficult, and at the same time urgent, questions with which the new treasurer of Porto Rico was confronted upon assuming office.

A few of the larger municipalities, as we have seen, have taken care of their floating obligations by the issue of bonds running twenty years. The payment of their floating obligations by a similar issue of bonds on the part of other municipalities was strongly urged.

Such a procedure, however, was extremely undesirable. Most of the municipalities do not possess adequate resources to justify the contracting of a bonded indebtedness, as the tax that would have to be levied to meet the interest and sinking-fund requirements would be heavier than the property owners could well afford to bear. The necessary expense and trouble incident to a small issue of bonds were likewise a serious objection to this method of procedure, and it is, furthermore, extremely doubtful whether an issue of bonds by such municipalities could be made at par. Finally, it would be hardly equitable to shift this burden, by means of a bond issue, upon future taxpayers.

The best action, all things considered, seemed to be to empower the municipalities to take up all of their floating liabilities which might be outstanding and unprovided for on July 1, 1902—the date at which the consolidation of the municipalities and the new scheme of government goes into effect—by an issue of certificates of indebtedness to the legal holders of the claims. A bill authorizing this procedure was accordingly introduced at the last session of the legislature and duly enacted into law. This measure provides that municipalities desiring to do so may convert all of their obligations remaining unpaid on June 30, 1902, into certificates of indebtedness bearing interest from the date of issue at the rate of 3 per cent per annum, and payable when such certificates are finally taken up and canceled. The certificates will be issued to the legal owners of claims against the municipalities, and will be negotiable by indorsement. Wherever avail is taken of this act the municipality must, at the same time, provide for their retirement within five years. For this purpose they must authorize the treasurer of Porto Rico to retain from moneys collected by him on account of taxes for the municipalities a sufficient sum each year to pay one-fifth part of the certificates issued by such municipalities. In the payment of these certificates priority will be given to those representing claims of the longest standing. It is believed that this arrangement is one that will be satisfactory to the holders of claims against the municipalities. While the interest rate is low and the final payment may be deferred as long as five years, nevertheless, in virtue of the fact that many of the possessors of such claims had practically abandoned all hope of ever securing their payment, there is little doubt that the majority of such creditors will be quite willing to accept this arrangement for the payment of sums due them. As regards the municipalities such an adjustment is eminently satisfactory. The amount of their indebtedness is definitely determined once for all, and its payment being extended over a sufficient number of years prevents serious embarrassment of their budgetary appropriations for any year. A number of the municipalities will undoubtedly provide for the discharge of these certificates within one or two years. It is also a consideration

of considerable importance that the reorganized municipalities should start upon their new life with all back obligations definitely adjusted.

In providing for the liquidation of the floating obligations of municipalities in this way it was necessary that the greatest possible precautions should be taken to prevent an improper issue of the certificates or the payment of claims not legally due. The law accordingly provided that the treasurer of Porto Rico should have authority to prescribe the form of certificates, the manner of their issue, the nature of the proof to be presented by creditors, and that no certificate should be valid until its issue had been approved by him. This officer was thus given full power of supervision over the administration of the law.

The following measures were accordingly taken by the treasurer in discharging his obligations in respect to this matter. Appropriate forms were prepared of the ordinance that should be adopted by municipalities desiring to avail themselves of the law, of petitions and accompanying vouchers that should be presented by creditors desiring to have their claims converted into certificates, and of statements to be filled in by the municipal accountants and secretaries certifying to the legality of the claims, that they were incurred under proper budgetary appropriations, and that the services or supplies represented by the claims were duly rendered or furnished. These forms were embodied in a draft of a municipal ordinance, such as should be passed by any municipality desiring to make use of the power conferred by the act to convert its indebtedness. This draft was sent to the alcalde of each municipality, with a circular letter explaining the purpose of the law and pointing out that if the municipality desired to take action in regard to the matter, use should be made of the accompanying draft or ordinance. In all cases this has been done.

A great advantage has resulted by thus prescribing the exact form in which all claims for the conversion of debts into certificates shall be made and the documents that must accompany them certifying to their legality and correctness. No certificate of indebtedness will be issued by the treasurer of Porto Rico until he is in possession of all these documents properly executed. Each application and accompanying papers will be given a serial number and the certificate corresponding to it will bear the same number. The documents will remain on file in the office of the treasurer.

Most of the municipalities which are unable to provide for the immediate payment of their debts have voted to avail themselves of the provisions of this law, and the work of examining and passing upon the claims is now being actively prosecuted in this office. With the system that has been adopted, it is believed that it will be extremely unlikely that any certificates of indebtedness will be improperly issued. All indications at the present time are that the issue of these certifi-

cates has furnished a happy solution of the problem that was presented by the large floating debts of the municipalities. In our consideration of the procedure under which municipal budgets will be voted in the future attention has already been directed to the precautions that have been taken to prevent the running up of unpaid obligations by the municipalities hereafter.

Work of the bureau of municipal finance.—The chief work of the bureau of municipal finance in the future will be the administration of the new system for the inspection of the accounts of municipal treasurers and comptrollers and the examination of the regular financial reports of the municipalities. In addition to these duties, however, this bureau will continue to perform a number of other important services. All of the ordinances formulated by the different municipal councils levying special license taxes, which must be approved by the executive council, will first be submitted to that bureau for expert examination and report. The examination of petitions and accompanying papers of municipal creditors and the issue of certificates of indebtedness that have just been described will here be attended to. The work of auditing old municipal accounts will be continued until all such accounts are finally passed upon. Finally, the many miscellaneous matters relating to municipal finance in one way or another coming before the treasury department will be here handled. The character and extent of the work involved in the performance of these various classes of duties may be shown by the following extracts from a statement submitted to the treasurer by Mr. Solomon, the chief of this bureau. He says:

With far less friction than had been experienced during the preceding fiscal year 1900-1901, the respective estimates of income and expenditure of the 66 municipal districts for the fiscal year 1901-2 have been submitted to the treasurer of Porto Rico, for revision within the limits specified in article 141 of the Municipal Law and approved by him. The aggregate appropriations for expenditures for the fiscal year 1900-1901 (\$1,215,374) show a reduction in favor of the fiscal year 1901-2 of \$265,465, or 22.22 per cent, demonstrating that the principles of economy constantly advocated and urged by the bureau in its official relations with municipal authorities have been effective and that only appropriations well within their income have been voted.

The audit of municipal accounts by the bureau has continued to be, as heretofore, of a perfunctory nature. The decree of accounting of September 12, 1870—in force until June 30, 1902—did not provide for the inspection of the cash or books of the municipalities, so that no means existed for the verification of the trustworthiness of the accounts and vouchers transmitted to the bureau for audit. An efficient remedy against fraud or incompetence has, however, been provided by the new municipal law.

The bureau has examined 159 quarterly accounts during the current fiscal year, and has yet on hand—to be audited under the old procedure—some 500 such accounts, a heritage from the Spanish régime. With its reduced office force the disposal of this accumulation will probably occupy some three years' constant labor.

The approval of such taxes and imposts, other than those specifically authorized by law, as may be levied by municipalities by virtue of an act of the legislative

assembly known as the "municipal deficiency act" has thereby devolved upon the executive council. In nearly every instance where such special taxes have been submitted for approval the executive council, through its committee on finance and appropriations, has called upon the bureau for a report on the schedule submitted. Two hundred and twenty-six such reports have been submitted by the bureau, most of which have been favorably acted upon by the executive council.

During the fiscal year the bureau has continued to hear and determine appeals of tax-payers against ordinances of municipal councils relating to matters of finance or taxation. The appeals taken have been largely in the nature of complaints against illegal taxes imposed or legal taxes illegally applied against the individual. The adjustment of differences by the treasurer of Porto Rico has in nearly every case been accepted by the parties in interest. Some few appeals from his decisions have been taken to the competent courts and the result is awaited with interest. By the provisions of section 63 of the new municipal law appeals will be had to the secretary of Porto Rico.

It has been customary for the treasurer of Porto Rico, during the period of the formation of municipal budgets, which, on their adoption by municipal councils, had been submitted to him for revision, to answer consultations of municipal officials relating to the interpretation of municipal laws and other matters affecting the estimates. It would seem natural, therefore, that the powers of revision formerly exercised by the treasurer of Porto Rico having ceased by virtue of the new municipal law, municipal officials would no longer consult with him regarding the interpretation of such law, but would accept the responsibility which such municipal autonomy conveyed, together with its benefits. In fact, however, such has not been the case. The habit of dependence upon administrative ruling and intervention appears to have been too strong to be immediately overcome. There is no doubt that in time municipal officials will recognize that autonomy means a complete divorce from administrative intervention, and will attempt to interpret and apply the laws without assistance from the insular authorities. The large number of communications received from alcaldes in the nature of inquiries and for advice upon budgetary matters convinced the treasurer of Porto Rico that although legally his intervention was not called for it would have been unwise to decline to extend such aid as the records of his office and his experience were able to afford to such municipalities.

In still another direction, not mentioned in this statement, has the bureau of municipal finance rendered important service. Immediately after the close of the last legislative assembly it became evident that it was necessary for the treasurer to take such action as was in his power to make known to the municipal authorities the changes that had been made in municipal laws by the recent legislation in relation to municipal finances, and to explain to them the purpose and significance of these changes. Inquiries that came to the Department showed that considerable doubt existed as to what constituted legal sources of income and obligatory items of expenditure. In order to make clear such questions in connection with the estimates as presented themselves in a doubtful light to municipal officials, the bureau prepared a circular letter of an advisory character showing (1) services made mandatory by law and for which appropriations must be provided; (2) services the appropriations for which had been limited by law; (3) legal sources of income; (4) estimated receipts accruing to each muni-

cipality from the insular excise taxes; (5) total valuations of property within each municipality, classified according to urban and rural holdings.

This assistance has been much appreciated by municipal authorities, and it is thought will aid them greatly in the first steps which they are taking toward autonomy.

BANKING, CURRENCY, AND PUBLIC CREDIT.

Though the past fifteen months have been marked by no occurrence especially affecting the conditions of banking, currency, and public credit in Porto Rico, the whole subject, nevertheless, continues one of the utmost importance to the future of the island. Porto Rico still suffers from lack of capital for the development of its resources, inadequate banking facilities, a currency that is not at all times sufficiently elastic to meet various needs, and from the high rates of interest that must be paid by landowners and others wishing to employ borrowed capital for the improvement of their property or the undertaking of desirable forms of industrial activity.

For years to come the industrial development of the island will be dependent upon the extent to which foreign capital can be attracted and the ability of property owners to secure this capital upon reasonable terms. In Porto Rico agriculture will probably always constitute its most important industry. Land, therefore, must form the main security to be offered for loans. The first requisite for securing capital, therefore, is the rendering of this class of security as safe as possible. At the present time the rates of interest demanded upon loans secured by real estate are 10, 12, or even 15 and 20 per cent per annum. The reason for these high rates does not lie wholly in the scarcity of capital available for investment. To a considerable extent the interest demanded is in the nature of premiums paid for the uncertainties that exist regarding the security tendered and the difficulty attendant upon realizing upon such security when recourse must be had to it for the repayment of the loan or interest. This uncertainty is attributable to the unfortunate condition which exists at the present time concerning the ownership and boundaries of many pieces of property. No general survey has ever been made of the island nor base lines located to which the survey of individual holdings can refer for fixing boundaries. Though a system for the registration of titles has long been in force in the island, but a portion of the properties are so registered.

It is evident from the foregoing that the first and most essential step to be taken in putting the matter of public credit generally, and of agricultural credit in particular, upon a satisfactory basis consists in an improvement of these conditions respecting boundaries and titles. In no other way can relief be more speedily brought to landowners,

the current rates of interest on mortgage loans lowered, and the investment of outside capital attracted than by taking action in this direction. There is no general measure of reform now more urgently needed for the development of the island.

To bring about this reform a number of successive measures would have to be taken. The first of these is that of securing a general topographic survey of the island, with the definite determination of boundaries of municipalities and their subdivisions and the position of important objects of the landscape. Following this should come a complete cadastral survey. This survey of private property and the establishment of their boundaries should be carried out as a public undertaking. Its expense, however, should be charged against the property surveyed by the levy of a special assessment against such property. This expense, in each particular case, will not be excessive, and the resultant benefits to the landowners would far exceed the cost to them. Wherever disputes exist in relation to boundaries the parties to the controversy should be required to bring the matter before the special land court, which, as is hereafter described, should be constituted for the determination of contentions regarding property preliminary to the introduction of a general land-registration system. With a set of maps prepared, showing definitely the boundaries of each municipality and its subdivision and each piece of real property in the island, the first great barrier to the acceptance of real estate as security for loans would be removed.

With this survey completed the way will be paved for the second great measure of reform, that of the adoption of a complete land-registration system. This system should be modeled closely after that known as the "Torrens land-registration system," which has been successfully employed in the different Australian colonies and other countries and is being gradually adopted in the United States. The principles of this system are generally known. Its introduction necessitates the creation of a special court to pass upon questions of ownership and boundaries of property. The question of boundaries and titles of each piece of property on the island should be submitted to and determined by this court. As fast as these facts regarding each piece of property are determined entry should be made of them in a proper book of registry to be kept by an officer for that purpose. Such titles should then be made unassailable and guaranteed by the island. Provision, if necessary, might be made for the levy of a small special tax upon real estate, the proceeds of which should be carried to a guaranty fund for the indemnification of persons who might thereafter prove that they had suffered by reason of the action of the court. After a property had once been registered, no subsequent transfer should be permitted except as recorded on the book of registry.

It is hardly necessary to comment upon the great advantages that

would accrue from the adoption of such a system. With all contentions concerning boundaries and titles definitely settled the whole problem of agricultural credit would almost be solved. The transfer of real estate would become a simple and comparatively inexpensive matter, differing in no essential detail from that of the transfer of stock or registered bonds upon the proper books. Benefits would also result in a number of other directions. The work of the assessment of property for purposes of taxation would be vastly facilitated, and the danger, which now exists, of property being omitted from the assessment rolls would be obviated. The regular law courts would be relieved of much vexatious litigation respecting real estate now coming before them.

In view of the importance of this subject, the island is to be heartily congratulated upon the fact that a beginning in the direction of its adoption has already been made. The last session of the legislature, by special act, placed at the disposal of the governor the sum of \$5,000 to enable him to cooperate with the United States Geological Survey in securing a general topographic survey of Porto Rico. This action by the insular legislature has been met by action on the part of the Federal Congress, which, it is understood, has duly authorized the United States Geological Survey to undertake the work. Negotiations have been entered into with the Director of the Geological Survey, and it is hoped that actual field operations will be instituted in the immediate future. The way will thus be prepared for the insular legislature, at its coming session, to provide for a cadastral survey and the subsequent adoption of a land-registration system. I have no hesitation in urging upon the legislature this action as one of the most important measures now demanding attention for the industrial progress of the island.

While, as has been indicated, an essential step in putting the matter of public credit upon a more substantial basis is that of the removal of the present uncertainties in respect to land ownership, there nevertheless remains much that can be accomplished for the same end in the way of improving facilities for bringing capital to the island. The natural agent for bringing together persons having money to loan and those desiring to borrow it is the bank. The greater development of banking facilities thus constitutes an important element in improving conditions as regards the matter of public credit.

All consideration of the problem of banking in Porto Rico must take into account the fact that the question can not be considered entirely as a local one. For years to come capital for investment in the island must be obtained from the United States or other countries. It is imperative, therefore, that the banks doing business in Porto Rico, if they are to accomplish the full measure of their possible usefulness, shall maintain the closest possible relations with financial institutions

in the United States. In no way can this be more effectively done than through some method of branch banking. No system of correspondents that can be maintained by a bank will serve the same purpose.

It is unnecessary in this place to enter upon any detailed argument in favor of branch banking. The advantages of this system, especially as it relates to operations in a country dependent upon foreign capital for its development, have been excellently stated by Mr. Charles A. Conant in his recent report to the War Department on coinage and banking in the Philippine Islands. After referring to the extent to which branch banking has proven effective in the various British colonies, he says:

The value of these branches is not merely in giving great power to the central bank, but in affording a channel for the diversion of capital from points where it is least needed to those where it is most needed. A striking illustration of this transfer of capital is afforded by the history of the Australian banks. Most of them have their head offices nominally in Australia, but all have branch offices in Great Britain. By means of these British branches they have been able to gather up many millions of the savings of British investors and transfer them to Australia for investment on more liberal terms than could possibly be obtained by their employment in Great Britain.

The analogy between the relations of Great Britain and Australia to those of the United States and the Philippines is plain. If American banks are enabled to establish branches in the Philippine Islands they will be able to transfer there for proper banking loans large portions of their deposits which now lie idle on their hands and which afford but a small return, or none. It would be necessary, of course, that proper precautions should be taken that loans should not be made for long terms or upon improper security. This would be regulated by the national banking law in the case of national banks, and would be governed by arrangements for time deposits in the case of banks not restricted in the character of their loans by the national banking law and which desired to make investments for longer terms than that law allows.

Reliance upon small and isolated banks for the development of the Philippines and for the management of American business there would involve many other objections than their inherent weakness and isolation. They would be unable to attract large deposits of American capital seeking safe employment, and would be limited in the resources they disposed of to their own capital and the local funds of depositors in the Philippines. Scarcity of capital would continue under such a system to retard the development of the islands, and the lack of close association with other American banks would place the local banks of the Philippines more or less at the mercy of their powerful foreign rivals.

The close association which exists between a bank and its branches would not be compensated by the relations which are usually established between a local bank and its correspondents in commercial centers. A system of correspondents would serve to some extent for dealing in bills of exchange, but a bank which was a correspondent and nothing more could not be relied upon to make inquiries as to credits and render that constant assistance which would be rendered by a branch bank to its head office. The cooperation, sympathy, and aid in every banking detail and in behalf of every patron could not be expected from a correspondent bank which would be offered by a parent or branch bank. Such cooperation might be obtained to some degree by common ownership of independent banks in the United States and in the Philippines, as is already the case in the United States with certain large city banks whose controlling shareholders own country banks, but such community of

ownership is in effect an evasion of the present national banking law, and is attended with difficulties that would not surround the open and acknowledged relationship between a bank and its branches. In the matter of transferring American capital to the Philippines for judicious employment there, community of ownership would fail to meet the requirements of the situation, and if such transfers were made in large amounts they would be a subject of just criticism by the shareholders of the lending bank and by the bank officials of the United States.

The special needs of Porto Rico could not have been better stated, and no attempt will therefore be made to elaborate the arguments there presented.

The function of banks and the possible services that may be rendered by them are not exhausted, however, in their acting as agents for the investment of the funds of their depositors. It is through the proper grant of powers to banks to issue their own notes that the needed element of elasticity to a currency is obtained. It is desirable, therefore, that banking institutions of Porto Rico should possess this power in common with banking institutions of the United States.

There is at present but one banking corporation on the island having the power to issue notes. This corporation presents a special problem and will be made the subject of special consideration hereafter. While, as will there be stated, it is believed that the power now possessed by that institution to issue notes should be curtailed, it is nevertheless held desirable that banking institutions with power to issue notes, provided proper safeguards are erected, should exist upon the island. The best means of bringing about this desirable development of banks in the island with power to issue notes is by securing from Congress such action as will make it profitable for national banks to be here organized. The Attorney-General of the United States has decided that the national banking act is now in force in Porto Rico. Industrial and commercial conditions are such, however, that there is little likelihood that banks will be organized under this act in Porto Rico unless the terms that such institutions must fulfill are modified. Chief among these deterrent stipulations are those (1) which prohibit branch banking, thus preventing national banks in the United States from maintaining branches in Porto Rico; (2) which prohibit the loaning of money on long-time notes secured by mortgages on real estate, and (3) which permit notes to be issued only to an amount equal to the face value of United States bonds deposited with the Treasurer of the United States.

The matter of branch banking has already been considered. The reason why the prohibition of the loan of money by national banks on real estate security prevents the organization of national banks in Porto Rico is that the great proportion of the banking business done in the island must be done with agriculturists, whose only available security is that of the land they own. No bank can reach any considerable development in Porto Rico if it is debarred from the transaction of

this class of business. If the extension of national banks in Porto Rico is to be effected, therefore, it is necessary that they be empowered to devote a portion of their resources to loans of this character.

As regards the third obstacle presented by the existing law—that respecting the power to issue notes—it is evident that such authority will not be availed of unless it is profitable to the bank possessing it. It is believed that the requirement of the deposit of an equivalent amount in United States bonds is unnecessarily severe. If proper restrictions are imposed, national banks could with perfect safety be permitted to issue notes against their general assets. Adequate safeguards in respect to such issue of circulating notes are afforded in provisions other than the deposit of United States bonds; such, for example, as by restricting the issue of notes to banks possessing a capital of \$500,000 or over; by providing that the notes should constitute a first lien upon all the assets of the bank issuing them; by stipulating that the issue of notes should not exceed 50 per cent of the paid-up capital of the bank; by compelling the bank to keep a reserve fund in cash, or cash obligations, equal to at least 25 per cent of the notes in circulation; by requiring a small deposit of United States bonds as a preliminary to beginning business; by directing that the notes issued should not be of a lesser denomination than \$5, and by providing for the constitution of a general safety fund for the redemption of the notes of failed banks, in so far as they may not be met by the assets of the defaulting institution, by the levy of a small tax on circulation for that purpose.

These conditions in no wise represent original recommendations. They are but the reproduction of measures that have been suggested in connection with proposed changes in the national banking law and likewise brought forward by Mr. Conant in his report. They are here mentioned merely because it is desired to emphasize the fact that Porto Rico is peculiarly interested in the reform of the national banking act along the lines indicated and because such recommendations meet with the hearty approval of the present treasurer.

The status and operations of the Spanish Bank of Porto Rico still continue a matter of especial concern to the government of Porto Rico. My predecessor, Dr. J. H. Hollander, has stated at some length in his annual report the position that he believes the insular government should assume toward this institution. In this expression of opinion I fully concur. The essential features of this position are that the power now possessed by the bank to issue its notes to an amount equal to three times that of its capital actually paid in constitutes a danger to the financial security of the island, and that the provision regarding the maintenance of a reserve fund for the redemption of these notes is not satisfactory.

In another part of this report the position has been taken that the

power on the part of banks to issue notes is one that results in positive advantage to a community, provided adequate safeguards exist that such power shall not be abused and that due provision is made for the redemption of such notes under any and all conditions. The objection to the present organization and powers of the Spanish Bank lies not so much in the fact that it has power to issue notes as that this power is not restricted within safe limits, and that the provision for the redemption of the notes is not sufficiently certain and adequate. In the United States the national banks are permitted to issue notes only to the extent of their capital actually paid in, and then only when guaranteed by an equivalent amount of United States bonds. It is believed that the power possessed by the Spanish Bank should be subject more nearly to the conditions imposed upon national banks. Certainly the amount of notes that may be issued by the bank should be not greater than the amount of its capital actually paid in, instead of three times that amount. It is not believed, however, that the bank should be required to deposit United States bonds as a security for the redemption of their notes, as adequate security can be provided in other ways—such, for example, as have been stated in our previous consideration of the general problem of banking on the island.

Second in importance, after the limitation of the note issue as above suggested, is that of having a change made in the present character of the reserve fund that the bank is required to maintain for the redemption of notes. The Spanish Bank, under its present regulations, is required to maintain a reserve fund that must at all times be equal to one-third of the notes that it has in circulation plus other obligations payable at sight. The objection to this system is that the notes are not made preferred claims against the reserve fund, but stand on an equal footing with other obligations. The same is true as regards the lien that the notes would have on the general assets of the bank in case the affairs of the institution were liquidated. Either a special reserve fund should be constituted as a security for the redemption of the notes, or, better still, the by-laws of the bank should be so modified that the notes would constitute a prior lien against the reserve fund and the entire assets of the bank. Should Congress make any change in the national banking law whereby national banking institutions would be enabled to issue notes against general assets, it would be desirable that the Spanish Bank should, as far as possible, be brought under its provisions.

While the changes that it is thought should be made in the existing constitution of the bank should be stated with all possible definiteness, it is, nevertheless, believed that these changes should, as far as possible, be effected by the bank itself rather than by having such changes forced upon it by legislation which would necessarily have the appearance of hostile action toward this bank. Under existing conditions,

where banking facilities are still inadequate on the island, the policy of the government should be to strengthen existing institutions rather than to take such action as would result in their retirement from business. This whole matter of the changes that are thought to be desirable in the constitution and powers of the Spanish Bank has been taken up with the authorities of that bank, and the latter have stated their willingness to take action as rapidly as practicable in the direction of curtailing the present issue of bank notes and of otherwise improving the condition of their institution. During the past three years the bank has steadily reduced its issue of notes. Though this reduction has not been as rapid as is desirable, it is yet an evidence of the desire on the part of the bank to put itself in a better position. An important step that should be taken by the bank in connection with the retirement of its notes is that such retirement should, by proper action of the bank, be made a permanent one. Although the bank is now retiring its notes, it still possesses the power to reissue them, and this power, though it may never be exercised, constitutes a danger. The treasurer of Porto Rico has been led to believe that the bank will, in the immediate future, take the step of providing that canceled notes shall not be reissued, and it is to be hoped that this will be done at an early date.

To recapitulate, it is believed that the immediate policy of the insular government toward this bank should be that of encouraging the bank voluntarily to reform its constitution along the lines suggested. If it does not do so, or if the bank in any way departs from what would seem to be a conservative policy in respect to its management, action should be taken at the coming session of the legislature to compel the bank to take those measures of reform which are held to be desirable, or the Federal Congress should be appealed to in case that method of procedure is deemed more advisable.

Before leaving this subject of banking and credit mention should be made of the passage at the last session of the legislature of a law permitting the organization of cooperative savings and loan associations and providing for an official supervision of their operations. This law follows closely the provisions of the Massachusetts act regarding cooperative savings banks, though certain departures have been made for the purpose of providing additional safeguards to the economical and honest administration of these associations. It is very much to be hoped that avail will be taken of this law for the purpose of developing mutual savings institutions in the island. Not only in the United States, but in all European countries, notable results have been accomplished through the spread of the different systems of mutual or cooperative banks in the way of improving the economic condition of the industrial class. There would seem to be no reason why similar results might not be anticipated in Porto Rico, provided

a demonstration of the advantages following from these institutions could once be had.

It has been stated that the period covered by this report was not marked by any legislation relating especially to banking institutions. The important administrative step, however, has been taken of inaugurating a system for the securing of regular monthly returns from banking institutions, showing their condition, and for the inspection of banks as need for such examination arises. The revenue act of January 31, 1901, made it the duty of the treasurer of Porto Rico to secure such returns and make such examinations. Nothing, however, had been done in the way of carrying out this provision at the time I assumed office. As soon as circumstances permitted a system such as was contemplated by the law was accordingly provided. Mr. Louis D. Harry, chief of the bureau of accounts in this office, has been designated to act as bank examiner, and has entered upon the performance of this duty. It is more than likely that the system that has been begun will require change as experience may dictate, but it is believed that a fair beginning has been made in regard to the important work of securing prompt information concerning the condition and operation of financial institutions in the island.

CONCLUSION.

In concluding this report I wish to acknowledge the faithfulness and zeal with which the employees of the treasury department, whether working in the field or in the office, have performed their duties. Especially should mention be made of the services of the assistant treasurer, Mr. B. R. Dix, and the chiefs of the bureaus, Messrs. John S. Hord, Louis D. Harry, and Alfred Solomon. All four of these officials have been connected with the department since its organization, and to them is due the credit of working out many of the features of administrative organization and practice now employed. Mr. Dix was acting treasurer several months during the absence of the late treasurer from the island, and upon his becoming unable to be present at the office, on account of serious illness, the duties of the office were performed by Mr. Hord.

W. F. WILLOUGHBY, *Treasurer.*

Hon. WILLIAM H. HUNT,
Governor of Porto Rico, San Juan, P. R.

No. 1.

Receipts and expenditures from July 1, 1899, to June 30, 1900, as per accounts current rendered by the treasurer of Porto Rico.

Period.	Receipts.				
	Customs.	Postal.	Internal revenue.	Miscellaneous.	Total.
<i>Military government.</i>					
1899.					
July	\$155,628.88	.....	\$40,616.04	\$7.50	\$196,262.42
August	155,622.48	\$6,018.12	9,412.26	2,677.50	173,780.36
September	112,625.32	5,177.56	12,858.06	3,703.30	134,364.24
October	127,246.33	8,676.77	18,442.81	1,421.28	185,787.19
November	79,567.68	9,139.69	12,128.71	22,858.93	123,695.01
December	111,365.37	8,668.81	17,874.72	5,976.88	143,885.78
1900.					
January	79,448.00	9,054.36	17,412.39	11,493.44	117,408.19
February	60,932.86	7,963.34	27,182.44	3,937.60	100,016.24
March	78,996.24	8,766.57	30,997.64	7,861.61	126,622.06
April	70,279.92	6,287.02	27,588.84	1,713.40	105,869.18
<i>Civil government.</i>					
May	98,111.78	.....	37,986.39	1,779.06	137,876.23
June	84,907.19	.....	42,074.93	3,176.74	130,158.86
Expenditures.					
Period.	Customs.	Postal.	Internal revenue.	Miscellaneous.	Total.
<i>Military government.</i>					
1899.					
July	\$94,117.99	\$9,346.11	\$7,203.96	.....	\$110,668.06
August	97,870.75	9,859.79	23,991.74	.....	131,722.28
September	112,650.56	9,158.19	35,111.74	\$1,060.00	157,980.49
October	153,387.07	8,727.98	9,006.31	145.00	171,266.36
November	171,635.32	9,151.44	7,168.70	150.00	188,105.46
December	145,378.15	8,672.08	7,128.24	.....	161,178.47
1900.					
January	110,434.00	9,052.90	7,265.92	102.10	126,854.92
February	108,071.25	7,964.80	7,141.66	1,029.74	124,207.45
March	163,969.97	8,289.31	9,241.03	2,800.72	184,301.03
April	171,490.79	6,764.28	7,269.04	986.66	186,510.77
<i>Civil government.</i>					
1900.					
May	108,943.15	.....	5,606.77	434.40	114,984.32
June	119,387.79	.....	11,283.66	.....	130,671.45
Total.					
Period.	Receipts.	Expenditures.	Excess of—		Funds in depositories.
<i>Military government.</i>					
1899.					
Fund on hand July 1	\$196,262.42	\$110,668.06	\$85,594.36	.....	\$450,452.83
July	173,780.36	131,722.28	42,058.08	.....	536,047.19
August	134,364.24	157,980.49	.....	.....	578,105.27
September	155,787.19	171,266.36	.....	\$23,616.25	554,489.02
October	123,695.01	188,105.46	.....	15,479.17	539,009.85
November	143,885.78	161,178.47	.....	64,410.45	474,599.40
December .....	.....	.....	.....	17,292.69	457,306.71
1900.					
January	117,408.19	126,854.92	.....	9,446.73	447,859.98
February	100,016.24	124,207.45	.....	24,191.21	423,668.77
March	126,622.06	184,301.03	.....	57,678.97	365,989.80
April	105,869.18	186,510.77	.....	80,641.59	285,348.21
<i>Civil government.</i>					
1900.					
May	137,876.23	114,984.32	22,891.91	.....	308,240.12
June	130,158.86	130,671.45	.....	512.59	307,727.53

Receipts and expenditures for the fiscal year 1900-1901.

Period.	Receipts.				
	Customs.	Internal revenue.	Miscellaneous.	Total.	Total for the fiscal year.
1900.					
July	\$106,880.05	\$56,484.82	\$4,281.79	\$167,646.66	\$167,646.66
August	76,454.33	44,197.29	14,301.28	134,952.90	302,599.56
September	77,403.81	31,431.52	11,603.35	120,438.68	423,038.24
October	87,061.35	36,153.25	5,377.01	128,594.61	551,632.85
November	109,981.21	40,231.35	3,476.13	153,688.69	705,321.51
December	90,809.93	59,785.91	202,471.08	353,066.92	1,058,388.46
1901.					
January	125,917.99	63,668.75	12,071.13	201,657.87	1,260,046.33
February	58,185.13	74,876.41	4,078.17	137,139.71	1,397,186.04
March	83,425.35	77,481.10	5,780.91	166,687.36	1,563,873.40
April	76,356.16	80,371.97	66,510.27	223,238.40	1,787,111.80
May	55,665.91	90,708.73	254,202.93	400,577.57	2,187,689.37
June	70,391.59	94,260.81	4,993.26	169,645.66	2,357,335.03
Expenditures.					
Period.	Customs.	Internal revenue.	Miscellaneous.	Total.	Total for the fiscal year.
1900.					
July	\$128,142.41	\$9,208.32	\$60.00	\$137,410.73	\$137,410.73
August	121,278.97	7,512.28	1,089.39	129,880.61	267,291.37
September	131,526.93	39,647.46	570.00	171,744.39	439,035.76
October	129,676.47	16,688.30	919.44	147,284.21	586,319.97
November	140,251.11	11,379.90	60.00	151,691.01	738,010.98
December	140,672.90	29,993.37	510.00	171,176.27	909,187.25
1901.					
January	149,320.89	28,466.73	52.80	177,840.42	1,087,027.67
February	138,279.64	49,356.09	9,140.02	196,775.75	1,283,803.42
March	170,563.51	50,970.12	2,672.79	224,206.42	1,450,171.96
April	155,672.37	34,471.52	14,910.30	203,054.19	1,655,226.15
May	111,911.25	53,055.79	15,629.80	180,576.84	1,835,802.99
June	123,006.83	45,037.33	39,629.85	207,674.01	2,043,477.00
Excess of—					
Period.	Receipts over expenditures.	Expenditures over receipts.	American Colonial Bank.	De Ford & Co.	Assistant treasurer, New York.
1900.					
July	\$30,235.93	.....	\$174,590.51	\$163,275.81	.....
August	5,072.26	.....	175,023.49	167,915.09	.....
September .....	.....	\$51,305.71	147,176.01	144,456.86	.....
October .....	.....	18,689.60	147,340.92	125,602.35	.....
November	1,997.68	.....	140,050.56	134,890.39	.....
December	181,890.65	.....	236,870.86	219,960.74	.....
1901.					
January	23,817.45	.....	241,483.56	239,165.49	.....
February .....	.....	59,636.04	218,444.94	202,568.07	.....
March .....	.....	57,519.06	180,654.98	182,888.97	.....
April	18,184.21	.....	191,006.48	190,671.68	.....
May	220,000.73	.....	178,058.80	173,620.09	\$250,000.00
June .....	.....	38,028.35	156,017.97	157,632.57	250,000.00

Receipts and expenditures for the fiscal year 1901-2.

Period.	Insular revenues.				
	Customs.	Internal revenue.	Miscellaneous.	Repayments.	Total.
1901.					
Transfer .....	.....	.....	.....	.....	\$2,000.00
July	\$67,987.57	\$100,537.40	\$5,505.99	\$18,082.72	192,113.68
August	50,000.00	187,360.94	4,382.73	783.09	242,526.76
September	57,000.00	105,948.29	2,314.31	2,882.86	168,115.46
October	73,000.00	119,315.70	2,744.46	693.96	195,754.12
November	85,000.00	111,141.98	2,414.24	1,476.38	200,032.60
December	125,000.00	113,319.88	23,710.81	3,767.02	265,797.71
1902.					
January	40,000.00	136,908.74	6,436.20	459.89	188,804.83
February	60,000.00	148,800.55	1,794.40	108.00	210,702.95
March	115,260.46	155,328.14	1,810.16	1,145.00	273,543.76
April	53,000.00	122,611.69	2,516.35	.16	180,128.20
May	65,000.00	99,963.62	1,903.99	412.61	167,280.22
June	55,010.27	89,232.94	4,651.12	1,492.17	150,386.50
Total	548,258.30	1,490,469.87	60,184.76	31,273.86	2,432,186.79

Receipts and expenditures for the fiscal year 1901-2—Continued.

Period.	Trust fund.	Total receipts.	Total receipts for the fiscal year.	Paid from—	
				Insular revenues.	Trust fund.
1901.					
July	\$30,190.12	\$224,303.80	\$224,303.80	\$164,857.40	\$27,051.93
August	718,363.36	960,890.12	1,185,193.92	161,728.49	85,193.35
September	36,363.21	204,478.67	1,389,672.59	199,066.66	52,185.72
October	27,509.43	223,263.55	1,612,936.14	161,355.95	148,880.40
November	21,746.51	221,779.11	1,834,715.25	194,968.14	49,832.18
December	20,796.55	286,594.26	2,121,309.51	174,063.39	61,637.24
1902.					
January	30,779.61	214,584.44	2,335,893.95	173,904.32	39,360.30
February	67,528.80	278,231.75	2,614,125.70	221,705.41	64,706.91
March	70,871.50	344,415.27	2,958,540.97	171,222.55	125,412.03
April	24,988.78	205,116.98	3,163,657.95	217,118.09	85,315.75
May	20,817.47	188,097.69	3,351,755.64	166,215.94	119,455.18
June	410,030.35	560,416.85	3,912,172.49	194,866.46	57,250.38
Total			2,201,072.80		
Period.					
		Total expenditures.	Total for the fiscal year.	Excess insular—	
				Receipts over expenditures.	Expenditures over receipts.
1901.					
Balance of receipts over expenditures July 1, 1902				\$74,631.41	
July	\$191,909.33	\$191,909.33		29,256.23	
August	246,921.84	438,831.17		80,798.27	
September	251,252.38	690,083.55			\$30,951.20
October	310,236.35	1,000,319.90		34,398.17	
November	244,800.32	1,245,120.22		5,064.46	
December	235,700.63	1,480,820.85		91,734.32	
1902.					
January	213,264.62	1,694,085.47		9,900.51	
February	286,412.32	1,980,497.79			11,002.46
March	296,634.58	2,277,132.37		102,321.21	
April	302,433.84	2,579,566.21			36,989.89
May	285,071.12	2,865,237.33		1,064.28	
June	252,116.84	3,117,354.17			44,479.96
Total			305,745.40		
Transfer			8,855.00		
Total			314,600.40		
Period.					
		Available funds for current expenditures.	Balance of trust funds.	Funds on hand and deposited with—	
				American Colonial Bank.	De Ford & Co.
1901.					
July	\$103,887.69	\$492,157.32	\$193,412.15	\$202,632.86	\$200,000.00
August	184,685.96	1,125,327.33	243,428.35	256,647.61	809,937.33
September	153,734.76	1,109,504.82	231,091.91	222,210.34	809,937.33
October	188,182.93	988,133.85	167,045.07	199,284.38	809,937.33
November	193,197.39	960,048.18	162,065.73	181,242.51	809,937.33
December	284,931.71	919,207.49	205,167.69	189,034.18	809,937.33
1902.					
January	294,882.22	910,626.80	192,938.21	202,583.48	809,937.33
February	283,829.76	913,448.69	194,801.97	192,539.15	809,937.33
March	385,150.97	859,908.17	202,582.17	232,539.64	809,937.33
April	348,161.08	799,581.20	157,104.53	180,700.42	809,937.33
May	359,080.36	691,088.49	237,895.14	202,336.38	609,937.33
June	314,600.40	1,043,868.46	185,155.74	163,387.69	1,009,925.43
Total					

Total funds in depositaries, \$1,358,468.86.

No. 2.

Tax collected.

1901.

	February.	March.	April.	May.	June.	Total tax collected.
<i>Schedule A, section 79, revenue law.</i>						
Paragraph 1:						
• Rum (domestic)	\$8, 220.48	\$13, 258.49	\$23, 466.08	\$22, 056.27	\$23, 081.20	\$90, 082.52
• Whisky—						
From United States.....	35.20	7.20				42.40
From other countries.....	293.60		18.40	8.80	187.20	508.00
Other distilled spirits—						
From United States.....	47.20	76.80	69.60	24.00	38.40	256.00
From other countries.....	412.80	157.60	176.00	267.20	202.40	1, 216.00
Total.....	9, 009.28	13, 500.09	23, 730.08	22, 356.27	23, 509.20	92, 104.92
Paragraphs 2, 4: Adulterated spirits and wine (domestic)	943.21	1, 080.09	596.34	934.42	1, 150.17	4, 704.23
Paragraph 3:						
Beer—						
From United States.....	1, 020.45	1, 336.72	1, 726.31	1, 760.51	956.10	6, 800.09
From other countries.....	118.65	277.35	413.70	411.45	498.30	1, 719.45
Wine—						
From United States.....	754.95	261.00	523.20	648.90	607.94	2, 795.99
From other countries.....	327.44	425.55	1, 414.65	728.85	866.80	3, 763.29
Champagne—						
From United States.....	39.00	41.00		5.00	9.00	9.00
From other countries.....					7.00	92.00
Total.....	2, 260.49	2, 341.62	4, 077.86	3, 554.71	2, 945.14	15, 179.82
Paragraphs 5-9:						
Cigarettes—						
Domestic.....	6, 411.00	11, 216.80	13, 229.80	15, 208.40	14, 396.20	60, 462.20
From United States.....	1.00					1.00
Cigars and manufactured tobacco—						
Domestic.....	1, 730.31	1, 868.46	3, 584.21	4, 284.43	5, 488.80	16, 956.21
From United States.....	4.25					4.25
Total.....	8, 146.56	13, 085.26	16, 814.01	19, 492.83	19, 885.00	77, 423.66
Paragraph 10: Playing cards from United States		1.28	.72	1.20	.96	4.16
Paragraph 11:						
Medical preparations, perfumery, etc.—						
From United States.....	159.83	230.27	108.08	144.75	207.72	850.65
From other countries.....	138.83	116.59	79.14	67.89	169.69	572.14
Total.....	298.66	346.86	187.22	212.64	377.41	1, 422.79
Paragraph 12: Oleomargarine from United States	180.00	90.00			96.00	366.00
Paragraph 13:						
Arms and ammunition—						
From United States.....	96.06	100.56	51.02	66.21	126.74	440.59
From other countries.....	4.50				4.68	9.18
Total.....	100.56	100.56	51.02	66.21	131.42	449.77
Paragraph 14:						
Matches—						
Domestic.....	882.90	688.00	945.12	938.34	320.95	3, 775.31
From United States.....	82.65	132.00	195.00	105.00	292.50	807.15
From other countries.....	240.00		90.00	180.00		510.00
Total.....	1, 205.55	820.00	1, 230.12	1, 223.34	613.45	5, 092.46
Grand total.....	22, 144.31	31, 365.76	46, 687.37	47, 841.62	48, 708.75	196, 747.81

Tax collected—Continued.

1901—Continued.

	July.	August.	Septem- ber.	October.	Novem- ber.	Decem- ber.	Total tax collected.
<i>Schedule A, section 79, revenue law.</i>							
Paragraph 1: Rum (domestic).....	\$29,164.52	\$30,852.23	\$28,046.53	\$38,785.35	\$37,014.58	\$46,899.88	\$210,763.09
Whisky— From United States.....		25.60	5.60	17.60	13.60	52.80	115.20
From other countries.....	130.40	55.20	154.40				340.00
Other distilled spirits— From United States.....	2.40	85.60	46.40	19.20	73.60	116.80	344.00
From other countries.....	68.00	40.80	82.40	199.20	372.80	259.20	1,022.40
Total	29,365.32	31,059.43	28,335.33	39,021.35	37,474.58	47,328.68	212,584.69
Paragraphs 2, 4: Adulterated spirits and wine (domestic).....	1,553.41	2,120.70	1,879.92	2,283.66	2,199.43	3,186.77	13,223.89
Paragraph 3: Beer— From United States.....	1,687.47	1,923.41	1,662.95	823.02	2,477.55	2,703.75	11,278.15
From other countries.....	385.05	386.85	280.65	197.10	254.40	497.55	2,001.60
Wine— From United States.....	1,127.70	996.30	735.60	524.10	972.00	1,267.35	5,623.05
From other countries.....	1,376.85	627.30	1,057.95	2,488.40	1,813.15	871.31	8,184.96
Champagne— From United States.....			5.00	12.00	3.00	10.00	30.00
From other countries.....	5.00	58.00	49.00	19.00	63.00	61.00	255.00
Total	4,582.07	3,991.86	3,791.15	4,013.62	5,583.10	5,410.96	27,372.76
Paragraphs 5-9: Cigarettes (domestic)	14,797.80	15,389.60	17,497.00	15,877.00	14,610.00	15,759.40	93,930.80
Cigars and manufactured tobacco— Domestic	3,528.65	4,764.26	4,839.72	4,302.28	4,652.03	4,584.92	26,671.86
From United States.....				2.40			2.40
Total	18,326.45	20,153.86	22,336.72	20,181.68	19,262.03	20,344.32	120,605.06
Paragraph 10: Playing cards— From United States.....	.48	.72					1.20
From other countries.....					28.80	31.68	60.48
Total .....	.48	.72			28.80	31.68	61.68
Paragraph 11: Medical preparations, perfumery, etc.— From United States.....	212.12	203.56	178.68	202.46	267.20	296.55	1,360.57
From other countries.....	83.17	92.60	103.56	154.74	72.87	74.53	581.47
Total	295.29	296.16	282.24	357.20	340.07	371.08	1,942.04
Paragraph 13: Arms and ammunition— From United States.....	60.79	80.19	63.04	94.58	108.21	78.57	485.38
From other countries.....		7.72		4.58		20.38	32.68
Total	60.79	87.91	63.04	99.16	108.21	98.95	518.06
Paragraph 14: Matches— Domestic	3,329.75		534.91	151.50	766.00	874.85	5,657.01
From United States.....	48.50	285.15	586.82	278.00	540.00	705.00	2,443.47
From other countries.....	161.50	194.00					356.50
Total	3,539.75	479.15	1,121.73	429.50	1,306.00	1,579.85	8,455.98
Grand total.....	57,723.56	58,189.79	57,810.13	66,386.17	66,302.22	78,352.29	384,764.16

Tax collected—Continued.

1902.

	January.	Febru- ary.	March.	April.	May.	June.	Total tax collected.
<i>Schedule A, section 79, revenue law.</i>							
Paragraph 1: Rum (domestic).....	\$39,131.21	\$40,919.82	\$40,580.19	\$41,895.12	\$33,737.87	\$36,362.75	\$232,626.96
Whisky—							
From United States ..	56.00	71.20	41.60	48.00	85.40	15.20	317.40
From other countries..	75.20	.....	94.40	.....	166.60	202.40	538.60
Other distilled spirits—							
From United States ..	128.00	64.80	12.80	19.20	21.60	.....	246.40
From other countries..	187.20	235.20	480.00	648.80	227.88	356.00	2,135.08
Total	39,577.61	41,291.02	41,208.99	42,611.12	34,239.35	36,936.35	235,864.44
Paragraphs 2, 4: Adulterated spirits and wine (domestic).	2,535.04	2,199.28	2,780.63	2,894.31	2,485.22	2,288.35	15,182.83
Paragraph 3: Beer—							
From United States ..	2,658.60	3,773.74	2,785.97	3,693.23	3,368.57	3,569.00	19,849.11
From other countries..	714.00	435.05	442.60	947.10	537.80	683.00	3,759.55
Wine—							
From United States ..	2,385.00	1,326.70	934.20	1,120.30	1,589.95	1,528.60	8,892.75
From other countries..	515.58	1,413.50	1,724.45	1,108.95	1,361.73	1,332.03	7,456.24
Champagne—							
From United States ..	18.00	44.00	58.00	.....	12.00	.....	132.00
From other countries..	26.00	72.00	88.00	84.00	85.00	36.00	391.00
Total	6,317.18	7,064.99	6,033.22	6,961.58	6,955.05	7,148.63	40,480.65
Paragraphs 5-9: Cigarettes—							
Domestic	18,635.00	19,675.00	18,743.60	22,265.82	21,947.50	19,664.25	120,931.17
From United States ..	.....	1.00	.....	8.00	.....	.....	9.00
Cigars and manufactured tobacco—							
Domestic	6,568.21	6,173.75	5,774.48	6,831.09	4,588.25	4,302.02	34,237.80
From United States ..	.....	.....	64.17	.....	122.00	.....	186.17
Total	25,203.21	25,849.75	24,518.08	29,169.08	26,657.75	23,966.27	155,364.14
Paragraph 10: Playing cards—							
From United States ..	8.05	.24	.....	.....	.....	.72	9.01
From other countries..	.....	28.80	.72	.46	48.00	.....	77.98
Total	8.05	29.04	.72	.46	48.00	.72	86.99
Paragraph 11: Medical preparations, perfumery, etc.—							
From United States ..	327.36	209.82	289.96	285.92	348.14	356.72	1,767.92
From other countries..	118.77	85.48	158.44	220.59	149.51	58.88	791.67
Total	446.13	295.30	398.40	506.51	497.65	415.60	2,559.59
Paragraph 12: Oleomargarine—							
From United States ..	.....	.....	.....	1.00	.....	.....	1.00
Paragraph 13: Arms and ammunition—							
From United States ..	.146.77	101.55	152.98	148.43	404.76	196.64	1,151.13
From other countries..	26.71	54.68	.....	3.46	.....	13.19	98.04
Total	173.48	156.23	152.98	151.89	404.76	209.83	1,249.17
Paragraph 14: Matches—							
Domestic	928.75	944.00	1,116.70	1,693.73	1,006.50	995.10	6,684.78
From United States ..	457.50	330.00	610.50	205.50	975.00	615.00	3,093.50
Total	1,386.25	1,274.00	1,727.20	1,899.23	1,981.50	1,510.10	9,778.28
Grand total	75,646.95	78,159.61	76,820.22	84,195.18	73,269.28	72,475.85	460,567.09

No. 3.

Tax collected.

	1901.			1901-2.				
	One-half quarter ending Mar. 31.	Quarter ending June 30.	Total.	Quarter ending—				Total.
				Sept. 30, 1901.	Dec. 31, 1901.	Mar. 31, 1902.	June 30, 1902.	
<i>Dealers' licenses—Schedule B.</i>								
Paragraph 1: Wholesalers—distilled spirits.....	\$1,194.00	\$2,538.00	\$3,732.00	\$3,706.00	\$3,925.00	\$4,080.00	\$3,880.00	\$15,591.00
Paragraph 2: Wholesalers—beer and wine	270.00	540.00	810.00	294.00	394.00	435.00	423.00	1,546.00
Paragraph 3: Retailers—distilled spirits, beer and wine.....	1,910.00	3,670.05	5,580.05	4,270.82	4,570.96	7,077.14	6,690.80	22,609.72
Paragraph 4: Wholesalers—cigars, cigarettets, etc.....	333.00	666.00	999.00	2,400.00	2,710.00	2,434.00	1,941.00	9,485.00
Paragraph 5: Retailers—cigars, cigarettets, etc.....	1,539.00	3,078.00	4,617.00	3,628.00	3,924.00	4,382.00	4,211.00	16,145.00
Paragraph 6: Wholesalers and retailers—arms and ammunition	30.00	60.00	90.00	40.00	40.00	96.00	72.00	248.00
Total.....	5,276.00	10,552.05	15,828.05	14,338.82	15,563.96	18,504.14	17,217.80	65,624.72

Total license taxes collected:

Five months ending June 30, 1901	\$15,828.05
Year ending June 30, 1902	65,624.72

Total.....	81,452.77
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No. 4.

Tax collected.

	1901.			1901-2.				
	One-half quarter ending Mar. 31, 1901.	Quarter ending June 30, 1901.	Total.	Quarter ending—				Total.
				Sept. 30, 1901.	Dec. 31, 1901.	Mar. 31, 1902.	June 30, 1902.	
<i>Documentary—Schedule C.</i>								
Bills of lading and custom-house entries.....	\$1,356.99	\$3,416.21	\$4,773.20	\$1,782.78	\$1,974.56	\$1,454.26	\$1,076.59	\$6,288.19
Notarial instruments.....	3,171.70	4,895.62	8,067.32	7,301.00	6,980.16	6,823.29	7,518.71	28,623.16
Tax certificates.....				10.00	135.00	238.00	400.00	783.00
Total.....	4,528.69	8,311.83	12,840.52	9,093.78	9,089.72	8,515.55	8,995.30	35,694.35

Total documentary taxes collected:

Five months ending June 30, 1901	\$12,840.52
Year ending June 30, 1902	35,694.35

Total.....	48,534.87
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No. 5.

Insular property tax, 1901-2—Statement of tax collections in 67 municipalities from July 1, 1901, to June 30, 1902, and amount of taxes remaining uncollected July 1, 1902.

Municipalities.	Insular revenue, total tax due for 1901-2.	Taxes collected for insular revenues.						
		July.	August.	Septem- ber.	October.	Novem- ber.	Decem- ber.	January.
<i>First district.</i>								
San Juan.....	\$62,382.00	\$7,382.98	\$18,066.75	\$2,644.60	\$1,236.23	\$811.09	\$313.87	\$5,983.32
Rio Piedras.....	4,493.94	141.43	1,259.81	352.37	164.25	145.83	41.15	110.69
Carolina.....	6,796.32	90.32	2,774.02	303.08	85.15	28.28	47.90	956.36
Trujillo Alto.....	1,178.62	8.95	394.18	62.61	38.68	19.98	31.85	20.23
Loíza.....	3,955.12	298.78	1,271.74	56.54	54.34	42.60	138.39	539.17
Rio Grande.....	5,300.54	282.99	1,804.47	198.48	194.76	83.89	54.19	123.52
Bayamon.....	7,972.70	57.74	2,606.82	407.66	329.15	240.83	129.33	175.40
Naranjito.....	1,121.74	.31	192.23	.....	111.97	119.98	72.24	56.35
Toa Alta.....	1,656.78	9.55	494.94	84.47	52.23	97.27	27.76	70.79
Toa Baja.....	2,837.76	632.97	414.74	118.71	132.34	21.51	84.14	46.67
Dorado.....	1,824.12	186.99	501.72	70.88	62.98	34.20	8.61	35.59
Vega Alta.....	2,377.46	34.67	965.75	93.34	22.91	43.32	5.71	44.93
Vega Baja.....	3,679.76	281.80	486.99	608.79	130.34	88.40	64.95	188.11
Total.....	105,576.86	9,409.48	31,234.16	5,001.53	2,615.17	1,777.18	1,020.09	8,351.13
<i>Second district.</i>								
Caguas.....	5,751.10	202.60	1,290.41	363.56	211.04	58.01	503.43	216.41
Cayey.....	5,422.32	238.54	681.83	391.28	260.96	254.13	359.26	314.41
Cidra.....	1,631.04	17.63	202.18	124.34	82.86	87.32	71.23	105.60
Comerio.....	1,936.70	10.96	280.48	98.40	103.41	46.53	128.08	80.07
Aguas Buenas.....	2,438.16	.....	7.50	431.44	178.84	242.90	87.14	95.66
Gurabo.....	2,284.32	.....	452.27	329.10	87.58	92.42	103.86	124.14
Hato Grande.....	2,328.14	44.89	410.20	172.44	190.32	104.12	115.05	86.53
Juncos.....	2,685.46	.....	543.94	351.36	193.19	109.28	38.30	47.49
Total.....	24,477.24	514.62	3,868.81	2,261.92	1,308.20	994.71	1,409.35	1,070.31
<i>Third district.</i>								
Arecibo.....	18,840.76	865.45	5,724.77	862.48	651.77	259.47	332.12	433.43
Manati.....	7,820.28	.....	2,089.74	720.66	271.21	310.45	235.92	126.98
Ciales.....	6,027.44	.....	706.66	351.82	285.42	258.34	628.37	329.08
Utuado.....	10,602.38	.....	600.42	865.39	572.71	836.09	836.41	386.86
Lares.....	9,747.12	.....	543.61	305.68	1,342.61	476.44	1,003.55	434.37
Morovis.....	2,222.70	.....	232.95	171.75	112.49	93.53	250.03	140.60
Corozal.....	1,795.90	.....	105.17	186.39	83.82	198.28	130.35	162.37
Hatillo.....	3,308.08	.....	641.18	374.20	149.37	128.13	170.75	109.98
Camuy.....	3,007.60	.....	649.17	380.47	109.59	38.04	72.65	117.65
Quebradillas.....	1,379.12	.....	176.59	296.31	85.82	27.88	38.29	13.96
Ysabela.....	2,495.22	.....	153.66	405.66	223.12	114.39	182.10	60.58
Total.....	67,246.60	865.45	11,623.92	4,920.81	3,887.93	2,741.04	3,880.54	2,315.86
<i>Fourth district.</i>								
Aguadilla.....	4,449.72	238.49	1,388.23	183.56	142.71	121.25	140.84	166.03
Moca.....	2,129.90	18.60	462.46	185.12	173.59	107.01	134.89	120.58
Total.....	6,579.62	257.09	1,850.69	368.68	316.30	228.26	275.73	286.61
<i>Fifth district.</i>								
Mayaguez.....	34,169.39	3,924.62	3,741.18	906.28	727.82	2,072.81	3,291.17	2,621.70
Cabo Rojo.....	5,639.50	69.11	838.93	425.10	196.44	176.20	272.88	423.66
San German.....	6,625.57	412.37	1,795.84	186.34	196.98	126.13	156.02	394.30
Lajas.....	3,091.31	110.05	1,000.39	57.87	119.57	51.36	23.67	300.49
Sabana Grande.....	2,614.52	81.25	570.03	126.05	240.71	106.69	74.56	221.24
Las Marias.....	6,416.98	.....	463.77	156.88	450.78	481.98	419.58	286.00
Maricao.....	7,015.82	.....	772.37	216.32	172.60	637.65	357.52	415.64
San Sebastian.....	5,804.10	4.19	702.29	521.14	253.30	428.27	311.56	80.73
Anasco.....	6,666.51	33.90	1,352.79	301.55	250.88	406.01	336.38	240.90
Rincon.....	992.80	75.72	240.30	43.44	30.20	27.29	8.46	12.00
Aguada.....	2,174.72	65.68	125.58	583.66	90.21	30.37	128.91	79.62
Total.....	81,111.22	4,776.89	11,603.47	3,474.63	2,729.47	4,544.76	5,380.71	5,076.28
<i>Sixth district.</i>								
Ponce.....	57,185.82	.....	18,772.03	2,663.96	3,077.77	1,544.47	1,458.38	3,932.08
Inana Diaz.....	16,094.66	16.03	2,140.31	1,723.32	1,388.87	1,504.56	720.53	250.07
Coamo.....	8,207.52	309.29	1,008.05	923.61	788.10	406.21	247.18	678.34
Santa Ysabel.....	5,756.80	.....	2,286.89	152.35	89.68	88.26	208.12	39.24

Insular property tax, 1901-2—Statement of tax collections, etc.—Continued.

Municipalities.	Insular revenue, total tax due for 1901-2.	Taxes collected for insular revenues.						
		July.	August.	Septem- ber.	October.	Novem- ber.	Decem- ber.	January.
<i>Sixth district—Contd.</i>								
Salinas.....	\$9,320.88	\$225.45	\$1,365.23	\$2,198.28	\$212.17	\$173.05	\$199.23	\$45.03
Adjuntas.....	7,890.60	28.18	484.96	725.29	318.45	1,582.32	357.60	79.93
Penuchas.....	3,305.48	15.66	266.25	471.26	97.37	358.07	75.46	50.90
Yanuco.....	14,012.22	.....	2,522.86	1,105.79	959.67	555.32	743.29	840.34
Guayanilla.....	4,606.24	.....	1,043.85	235.16	437.56	171.83	93.23	907.99
Aibonito.....	3,059.58	.....	264.02	200.69	109.33	153.93	100.78	88.44
Barranquitas.....	1,515.74	.....	312.53	82.54	57.74	66.88	68.89	61.23
Barros.....	3,265.54	.....	171.27	124.43	142.56	411.93	455.86	195.40
Total.....	131,221.08	594.61	30,638.28	10,606.68	7,679.29	7,016.83	4,728.55	7,168.99
<i>Seventh district.</i>								
Guayama.....	11,016.10	479.10	4,105.55	290.96	233.06	46.30	119.57	241.60
Arroyo.....	2,684.60	138.00	1,117.17	23.92	51.50	4.05	17.71	182.52
Total.....	13,700.70	617.10	5,222.72	314.88	284.56	50.35	137.28	424.12
<i>Eighth district.</i>								
Humacao.....	9,952.74	379.10	2,820.89	287.13	934.71	155.30	245.20	296.68
Maunabo.....	2,093.64	.....	920.53	.....	112.47	11.77	.66	34.34
Patillas.....	2,547.20	.....	1,015.29	21.08	75.63	40.12	18.81	30.70
Yabucoa.....	5,107.46	.....	858.22	333.63	593.21	200.54	376.90	68.10
Fajardo.....	8,689.84	77.06	1,478.15	2,326.38	262.60	49.22	157.19	57.14
Naguabo.....	4,366.04	.....	505.47	1,086.01	235.74	87.65	181.56	181.78
Total.....	32,756.92	456.16	7,598.55	4,054.23	2,214.36	544.60	980.32	671.74
<i>Ninth district.</i>								
Vieques.....	7,115.68	500.79	2,461.42	785.63	.92	.....	7.91	1,304.33
Culebra.....	440.36	.....	224.26	.....	.....	.....	.....	.....
Total.....	7,556.04	500.79	2,685.68	785.63	.92	.....	7.91	1,304.33
<i>Résumé.</i>								
San Juan.....	105,576.86	9,409.48	31,234.16	5,001.53	2,615.17	1,777.18	1,020.09	8,351.13
Caguanas.....	24,477.24	514.62	3,868.81	2,261.92	1,308.20	994.71	1,409.35	1,070.31
Arecibo.....	67,246.60	805.45	11,623.92	9,200.81	3,887.93	2,741.04	3,880.54	2,315.86
Aguadilla.....	6,579.62	257.09	1,850.69	368.68	316.30	228.26	275.73	286.61
Mayaguez.....	81,111.22	4,776.89	11,603.47	3,474.63	2,729.49	4,544.76	5,380.71	5,076.28
Ponce.....	134,221.08	594.61	30,638.25	10,606.68	7,679.27	7,016.83	4,728.55	7,168.99
Guayama.....	13,700.70	617.10	5,222.72	314.88	284.56	50.35	137.28	424.12
Humacao.....	32,756.92	456.16	7,598.55	4,054.23	2,214.36	544.60	980.32	671.74
Vieques.....	7,556.04	500.79	2,685.68	785.63	.92	.....	7.91	1,304.33
Grand total...	473,226.28	17,992.19	106,326.25	31,788.99	21,036.20	17,897.73	17,820.48	26,669.37
Taxes collected for insular revenues—Continued.								
Municipalities.	February.	March.	April.	May.	June.	Total col- lected.	Total uncol- lected. June 30, 1902.	Per cent uncol- lected.
<i>First district.</i>								
San Juan.....	\$13,497.80	\$8,075.27	\$2,124.17	\$530.89	\$163.23	\$60,830.20	\$1,551.80	0.025
Rio-Piedras.....	799.23	451.25	383.41	189.26	171.03	4,209.71	284.23	.063
Carolina.....	1,380.66	450.10	318.47	73.29	54.98	6,562.61	233.71	.034
Trujillo Alto.....	249.55	147.28	50.01	41.91	8.56	1,073.79	104.83	.088
Loiza.....	290.09	480.66	292.90	88.26	54.57	3,608.04	347.08	.089
Rio Grande.....	1,675.89	304.10	288.01	78.31	5.13	5,093.74	206.80	.039
Bayamon.....	1,457.51	1,237.14	237.14	267.68	112.99	7,259.39	713.31	.089
Naranjito.....	98.34	106.19	64.09	51.67	29.73	903.10	218.64	.194
Toa Alta.....	109.40	286.70	74.22	79.42	12.41	1,399.00	257.78	.155
Toa Baja.....	787.07	280.14	79.98	50.61	107.18	2,756.06	81.70	.028
Dorado.....	484.12	100.29	58.47	45.71	39.29	1,628.25	195.27	.106
Vega Alta.....	930.69	64.46	46.40	8.96	5.65	2,266.79	110.67	.046
Vega Baja.....	313.49	1,096.66	100.73	86.92	41.55	3,488.73	191.03	.051
Total.....	22,073.84	13,080.24	4,118.00	1,592.89	806.30	101,080.01	4,496.85	.043

Insular property tax, 1901-2—Statement of tax collections, etc.—Continued.

Municipalities.	Taxes collected for insular revenues.						Total uncollected.	Per cent uncollected June 30, 1902.
	February.	March.	April.	May.	June.	Total collected.		
<i>Second district.</i>								
Caguas.....	\$658.56	\$743.76	\$626.18	\$293.26	\$27.05	\$5,194.27	\$556.83	.097
Cayey.....	675.82	436.03	201.27	494.06	102.83	4,410.42	1,011.90	.186
Cidra.....	307.08	97.11	31.22	61.20	14.70	1,205.47	425.57	.261
Comerio.....	76.47	68.27	141.51	200.60	210.17	1,434.95	501.75	.259
Aguas Buenas.....	127.88	306.36	129.86	112.43	73.84	1,793.84	644.32	.264
Gurabo.....	147.83	495.42	146.13	100.95	9.25	2,088.95	195.37	.085
Hato Grande.....	305.44	186.35	227.42	163.94	105.61	2,112.31	215.83	.093
Juncos.....	178.96	768.27	92.08	82.42	5.14	2,410.43	275.03	.102
Total.....	2,478.04	3,091.57	1,595.66	1,508.86	548.59	20,650.64	3,826.60	.156
<i>Third district.</i>								
Arecibo.....	5,489.10	588.18	1,224.40	239.75	170.47	16,841.39	1,999.37	.106
Manati.....	640.11	1,958.39	359.06	226.72	54.50	6,993.74	826.54	.105
Ciales.....	600.22	111.55	463.63	394.49	209.01	4,338.59	1,688.85	.277
Utuado.....	765.96	552.79	365.03	356.73	67.73	6,206.12	4,396.26	.414
Lares.....	384.69	689.46	1,098.81	526.74	78.15	6,884.11	2,863.01	.295
Morovis.....	239.07	112.68	66.29	92.96	108.60	1,620.36	601.75	.270
Corozal.....	185.21	90.71	176.94	172.51	48.28	1,510.03	285.87	.160
Hatillo.....	370.22	287.88	258.30	246.15	7.67	2,743.83	564.25	.170
Camuy.....	548.45	128.78	165.05	181.97	45.27	2,437.09	570.51	.190
Quebradillas.....	108.51	96.93	153.53	237.71	18.97	1,254.50	124.62	.090
Ysabela.....	224.75	327.84	230.99	135.13	83.83	2,142.09	353.13	.141
Total.....	9,526.29	4,945.19	4,562.03	2,810.90	892.48	52,972.44	14,274.16	.212
<i>Fourth district.</i>								
Aguadilla.....	1,159.76	240.72	126.44	155.89	70.66	4,134.58	315.14	.071
Moca.....	184.38	125.93	42.46	77.88	17.21	1,650.11	479.79	.225
Total.....	1,344.14	366.65	168.90	233.77	87.87	5,784.69	794.93	.122
<i>Fifth district.</i>								
Mayaguez.....	2,660.24	1,926.65	1,427.79	742.35	471.97	24,514.58	9,654.81	.282
Cabo Rojo.....	493.09	347.02	607.91	219.12	62.78	4,132.24	1,507.26	.267
San German.....	1,124.24	488.40	360.72	210.67	128.20	5,580.21	945.36	.146
Laajas.....	754.35	278.82	193.62	86.54	1.96	2,978.69	112.62	.036
Sabana Grande.....	531.52	202.12	166.95	101.31	17.03	2,439.46	175.06	.067
Las Marias.....	197.41	180.20	267.25	303.50	31.28	3,238.63	3,178.35	.495
Maricao.....	437.05	326.54	708.13	111.98	138.25	4,294.05	2,721.77	.488
San Sebastian.....	242.01	230.28	250.73	403.22	19.33	3,447.05	2,357.05	.406
Anasco.....	819.25	443.13	245.97	99.72	412.68	4,943.16	1,723.35	.258
Rincon.....	123.16	195.36	31.36	40.89	6.97	835.15	157.65	.159
Aguada.....	55.50	134.67	472.85	69.93	15.00	1,831.98	342.74	.157
Total.....	7,467.82	4,753.19	4,733.28	2,389.23	1,305.45	58,235.20	22,876.02	.282
<i>Sixth district.</i>								
Ponce.....	12,097.88	4,872.82	1,579.95	1,486.80	305.49	51,791.63	5,394.19	.094
Juana Diaz.....	3,039.45	1,593.15	584.71	666.80	298.65	13,926.45	2,168.21	.135
Coamo.....	882.61	1,136.50	317.18	* 401.13	63.43	7,161.63	1,045.89	.127
Santa Ysabel.....	1,385.14	966.53	243.01	94.48	74.93	5,628.63	128.17	.022
Salinas.....	3,739.48	334.65	232.39	56.91	79.34	8,861.21	459.67	.049
Adjuntas.....	467.38	379.01	610.74	426.43	139.84	5,600.13	2,290.47	.291
Penuelas.....	119.62	605.68	136.42	221.95	95.63	2,514.27	791.21	.239
Yauco.....	1,998.33	1,251.14	839.68	537.22	193.04	11,546.68	2,465.54	.176
Guayanilla.....	164.68	386.11	273.03	50.97	36.74	3,801.15	805.09	.175
Aibonito.....	97.48	407.60	316.65	195.98	166.10	2,101.00	958.58	.313
Barranquitas.....	38.28	258.10	204.93	97.42	59.05	1,307.59	208.15	.139
Barros.....	237.25	131.63	168.62	243.67	132.24	2,414.86	850.68	.261
Total.....	24,267.58	12,322.92	5,507.31	4,479.76	1,644.48	116,655.23	17,565.85	.131
<i>Seventh district.</i>								
Guayama.....	3,938.44	370.89	113.34	87.58	51.12	10,077.51	938.59	.084
Arroyo.....	865.54	150.06	47.99	.....	34.03	2,632.49	52.11	.020
Total.....	4,803.98	520.95	161.33	87.58	85.15	12,710.00	990.70	.073

Insular property tax, 1901-2—Statement of tax collections, etc.—Continued.

Municipalities.	Taxes collected for insular revenues.						Total uncollected	Per cent uncollected June 30, 1902.
	February	March.	April.	May.	June.	Total collected.		
<i>Eighth district.</i>								
Humacao	\$1,894.80	\$1,498.26	\$745.05	\$879.01	\$87.90	\$9,724.03	\$228.71	.023
Maunabo	131.35	721.63	39.28	56.34	21.73	2,050.10	43.54	.021
Patillas	617.34	238.52	139.59	63.98	17.02	2,278.08	269.12	.106
Yabucoa	125.56	925.45	462.81	308.21	506.94	4,759.57	347.89	.068
Fajardo	1,572.40	2,321.90	300.60	37.90	2.71	8,643.25	46.59	.005
Naguabo	1,327.91	528.77	159.67	41.48	1.80	4,340.84	25.20	.006
Total.....	5,669.36	6,234.53	1,847.00	886.92	638.10	31,795.87	961.05	.029
<i>Ninth district.</i>								
Vieques	1,809.65	245.03	.....	.....	.....	7,115.68	.....	.....
Culebra	50.08	166.02	.....	.....	.....	440.36	.....	.....
Total.....	1,859.73	411.05	.....	.....	.....	7,556.04	.....	.....
<i>Résumé.</i>								
San Juan	22,073.84	13,080.24	4,118.00	1,592.89	806.30	101,080.01	4,496.86	.043
Caguas	2,478.04	3,091.57	1,595.66	1,508.86	548.59	20,650.64	3,826.60	.156
Arecibo	9,526.29	4,945.19	4,562.03	2,810.90	892.48	52,972.44	14,274.16	.212
Aguadilla	1,344.14	366.65	168.90	233.77	87.87	5,784.69	794.93	.122
Mayaguez	7,467.82	4,753.19	4,733.28	2,389.23	1,305.45	58,235.20	22,876.02	.282
Ponce	24,267.58	12,322.92	5,507.31	4,479.76	1,644.48	116,655.23	17,565.85	.131
Guayanilla	4,803.98	520.95	461.33	87.58	85.15	12,710.00	990.70	.073
Humacao	5,669.36	6,234.53	1,847.00	886.92	638.10	31,795.87	961.05	.029
Vieques	1,859.73	411.05	.....	.....	.....	7,556.04	.....	.....
Grand total	79,490.78	45,726.29	22,693.51	18,989.91	6,008.42	407,440.12	65,786.16	.149

No. 6.

Inheritance-tax assessments.

[Tax on estates of decedents imposed in Title III of the revenue law.]

Month.	Total number of estates.	Total value of estates.	Tax assessed.		Total tax assessed.
			Lineal descendants.	Other heirs.	
<i>1901.</i>					
February	3	\$4,264.00	\$5.33	\$105.92	\$111.25
March	3	8,079.53	60.50	92.38	152.86
April	2	1,945.00	13.00	19.35	32.35
May	3	14,059.48	78.42	186.51	264.93
June	4	31,051.14	109.46	304.95	414.41
Total for 5 months.....	15	59,399.15	266.71	709.11	975.82
July	6	125,239.76	.....	7,828.71	7,828.71
August	7	37,842.00	291.20	564.39	856.59
September	3	61,187.49	36.99	2,884.87	2,921.86
October	4	6,462.99	46.12	55.50	101.62
November	3	3,664.00	.....	109.92	109.92
December	2	1,920.76	.....	57.62	57.62
Total for 6 months.....	25	236,297.00	374.31	11,501.01	11,875.32
<i>1902.</i>					
January	2	22,462.34	9.20	235.42	244.62
February	2	2,290.43	9.85	39.16	49.01
March	3	1,787.85	2.50	46.07	48.57
April	3	9,960.00	59.49	120.33	179.82
May	3	26,200.05	258.60	55.80	314.40
June .....	.....	.....	.....	.....	.....
Total for 6 months.....	15	62,698.67	339.64	496.78	836.42
Grand total.....	53	358,394.82	980.66	12,706.90	13,687.56

No. 7.

Collection of taxes due July 1, 1901, by virtue of provisions of law in force prior to the going into effect of the general revenue law, approved January 31, 1901.

Municipalities.	Total old taxes due.	Amount collected each month.						
		July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Janu-ary.
San Juan.....	\$7,275.69	\$425.79	\$124.69	\$1,348.04	\$1,841.96	\$70.25	\$44.02	\$47.72
Loiza.....	1,633.70	194.32	303.70	22.06	3.59	35.18	12.48	.....
Rio Grande.....	1,364.33	83.95	162.01	76.80	15.47	49.77	39.69	46.83
Carolina.....	1,183.84	116.85	73.00	58.87	12.22	28.34	28.48	1.35
Bayamon.....	3,506.34	114.44	192.62	66.40	181.54	122.09	203.12	6.60
Toa Alta.....	1,419.71	2.75	59.97	16.10	30.93	20.19	.....	.....
Naranjito.....	1,858.93	17.12	70.12	.....	40.51	111.08	150.01	.....
Vega Baja.....	2,402.20	208.05	421.11	98.58	100.39	75.86	35.00	2.34
Vega Alta.....	1,096.36	12.61	175.07	54.97	94.97	127.47	43.51	24.49
Dorado.....	776.28	44.86	31.76	48.53	33.81	.....	114.84	7.93
Toa Baja.....	770.05	92.19	47.09	20.50	24.06	19.69	4.98	6.92
Rio Piedras.....	1,782.48	92.25	139.25	179.96	116.20	150.08	110.95	44.90
Trujillo Alto.....	685.69	135.06	164.28	28.96	59.52	32.55	20.95	7.77
Arecibo.....	11,388.74	1,281.45	761.14	298.26	300.75	547.60	644.25	235.33
Lares.....	15,976.07	304.56	242.74	542.85	1,135.61	886.02	215.79	77.88
Utuado.....	16,425.26	228.34	253.64	.....	753.60	1,121.87	704.54	405.00
Isabela.....	4,456.95	267.94	.....	149.71	103.73	40.02	273.51	74.66
Quebradillas.....	2,203.55	12.23	3.04	136.35	53.34	11.75	36.18	74.34
Camuy.....	4,451.39	547.48	90.33	101.39	157.19	267.42	94.76	.....
Hatillo.....	4,324.07	550.47	41.25	35.68	104.02	80.10	150.81	.....
Ciales.....	20,142.26	.....	747.77	421.44	1,172.73	1,307.05	1,167.09	129.27
Manati.....	3,605.46	540.74	163.43	211.10	91.07	237.80	163.99	50.57
Barceloneta.....	1,675.19	228.72	47.63	58.34	26.81	262.53	154.75	42.26
Morovis.....	3,491.14	3.25	202.32	78.40	153.64	223.21	246.26	6.81
Corozal.....	3,487.53	125.49	339.14	137.17	190.75	451.93	318.65	61.87
Mayaguez.....	18,383.91	435.51	766.78	849.65	1,806.28	1,516.70	623.02	43.23
Cabo Rojo.....	5,164.75	443.64	431.12	107.21	58.46	123.63	154.31	10.49
San German.....	5,854.10	361.96	338.08	582.79	526.22	331.39	129.04	80.46
Lajas.....	1,337.88	54.37	79.10	90.16	20.01	26.81	16.96	25.17
Sabana Grande.....	1,866.38	177.16	79.14	65.52	187.12	129.76	138.84	31.21
Las Marias.....	17,583.76	94.76	152.40	324.67	429.25	1,112.60	196.82	10.94
Maricao.....	6,308.84	118.22	171.84	189.78	202.96	759.28	711.03	157.16
San Sebastian.....	7,902.02	504.38	160.23	1,060.53	1,258.23	756.69	82.92	17.26
Anasco.....	4,596.08	75.07	97.66	129.55	226.25	142.33	79.59	.....
Rincon.....	1,107.79	77.55	.....	1.43	.....	.....	.....	.....
Aguada.....	3,974.63	100.65	.....	43.97	.....	.....	.....	.....
Moca.....	5,901.14	77.57	396.13	462.07	674.44	205.16	111.92	59.48
Aguadilla.....	1,707.40	117.78	60.83	27.97	57.47	62.44	46.21	31.74
Ponce.....	10,920.62	614.07	758.52	355.67	724.14	620.11	784.16	100.72
Yauco.....	7,896.72	541.03	232.60	309.10	635.90	445.69	261.12	98.33
Guayanilla.....	3,554.97	283.22	146.46	131.57	416.26	405.13	181.06	83.57
Adjuntas.....	10,678.98	228.26	128.65	75.04	28.35	359.10	375.27	8.72
Penuelas.....	3,511.68	96.05	85.49	230.77	131.39	205.67	73.69	4.13
Santa Isabel.....	623.96	146.02	53.60	40.18	4.50	56.78	5.90	.....
Salinas.....	1,791.07	277.28	49.54	5.32	41.54	114.03	68.12	385.45
Juana Diaz.....	9,960.55	251.16	89.28	25.63	98.37	270.25	482.68	221.00
Coamo.....	9,025.36	184.08	224.39	157.95	61.75	110.55	124.51	9.26
Aibonito.....	6,076.05	56.52	191.87	36.08	202.03	53.29	47.14	169.98
Barranquitas.....	3,192.03	275.42	144.00	9.07	53.98	21.01	23.08	23.43
Barros.....	5,128.60	281.41	519.53	192.11	92.48	261.06	133.69	102.74
Humacao.....	1,123.28	89.55	28.33	23.99	32.21	30.03	7.69	9.34
Arroyo.....	352.62	67.77	7.19	7.16	24.67	2.03	39.54	.....
Guayama.....	1,350.63	208.31	73.37	37.80	9.07	25.84	19.48	42.38
Maunabo.....	353.89	.....	4.10	.....	36.81	.....	.....	3.83
Patillas.....	1,391.76	.....	41.50	.....	17.12	.....	.....	.....
Yabucoa.....	1,067.70	383.29	14.22	27.92	9.30	.....	.....	9.64
Fajardo.....	885.93	53.09	22.47	40.47	38.12	11.56	78.35	13.28
Naguabo.....	315.64	41.81	12.85	41.59	30.68	26.36	124.52	.....
Caguas.....	697.46	156.63	24.90	40.03	7.99	9.59	28.48	8.49
Cayey.....	4,020.35	89.17	74.45	121.49	196.71	438.81	320.95	127.65
Cidra.....	2,644.30	15.24	123.31	110.46	83.49	78.28	97.83	159.35
Comerio.....	4,028.50	201.40	76.81	96.94	85.78	84.65	175.85	88.59
Aguas Buenas.....	3,476.20	129.48	120.34	116.83	50.00	100.98	145.03	51.52
Gurabo.....	1,078.75	107.28	147.57	77.87	29.60	36.34	15.55	23.37
Hato Grande.....	675.52	118.14	75.07	61.85	38.63	21.03	18.74	16.40
Juncos.....	676.65	115.20	32.81	38.58	42.65	29.95	15.86	7.09
Vieques.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	295,571.31	13,280.37	11,134.13	10,494.83	15,489.01	15,264.76	10,817.56	3,584.24

No. 7.

Collection of taxes due July 1, 1901, by virtue of provisions of law in force prior to the going into effect of the general revenue law, approved January 31, 1901.

Municipalities.	Amount collected each month—Continued.					Total collected in year.	Amount remitted.	Amount un-collected June 30, 1902.
	Febr.-ary.	March.	April.	May.	June.			
San Juan.....	\$33.27	\$891.57	\$28.84	\$50.23	\$28.66	\$4,975.04	\$1,235.84	\$1,064.81
Loiza.....		10.45	7.45	3.75	.51	593.49	120.99	919.22
Rio Grande.....	5.73	3.47	2.56	21.86	8.55	516.69	618.23	229.41
Carolina.....	12.97	2.42	1.56	7.92	8.72	352.70	196.56	634.58
Bayamon.....	23.00			28.88	39.74	16.98	995.41	587.56
Toa Alta.....				25.19			155.13	473.98
Naranjito.....	58.50	25.86	34.60	56.39	5.47	569.66	314.43	974.84
Vega Baja.....	135.96		40.46	15.68	2.65	1,136.08	284.04	982.08
Vega Alta.....	3.02		1.17	19.82			557.10	201.94
Dorado.....	5.05	7.11	4.19		4.80	302.88	53.60	419.80
Toa Baja.....		8.10	4.25		23.21	250.99	115.65	403.41
Rio Piedras.....	224.02	48.30	47.83	59.08	105.87	3,181.69	170.15	293.64
Trujillo Alto.....	14.32			5.37	27.10	488.88	64.20	132.61
Arecibo.....	85.68	32.40	10.22	39.19		4,236.27	927.28	6,225.19
Lares.....	11.81	73.39	90.07	8.98	12.90	3,602.60	460.32	11,913.15
Utuado.....	332.82	131.56	112.52	333.51	69.42	4,446.82	397.05	11,581.39
Isabela.....	12.14		2.63		16.99	941.33	999.79	2,515.83
Quebradillas.....	11.19	7.28	29.42	12.29		387.41	417.32	1,398.82
Camuy.....		214.48	28.23	222.39	23.19	1,750.86	573.86	2,126.67
Hatillo.....		140.40	7.66		4.52	1,114.91	977.71	2,231.45
Ciales.....	530.57	217.53	136.20	41.40	149.31	6,020.36	11,230.46	2,891.44
Manati.....	102.91	66.11	26.71	20.82	19.09	1,694.34	905.92	1,005.20
Barceloneta.....	51.14	17.30	26.65			917.13	278.11	479.95
Morovis.....	22.78	54.32	28.43	24.26	91.24	1,134.92	150.50	2,205.72
Corozal.....	37.29	46.35	14.56	73.40	50.51	1,847.11	564.35	1,176.07
Mayaguez.....	6.87	96.78	32.57	15.71	10.50	6,203.60	1,491.26	10,689.05
Cabo Rojo.....	34.11		98.13	242.74	26.69	1,730.53	799.13	2,635.09
San German.....	17.65	30.04	33.08	60.94	43.16	2,534.81	1,256.82	2,062.47
Lajas.....	24.99	18.88	12.51	.65		369.61	491.93	476.34
Sabana Grande.....	2.52	7.77	4.06	8.99	9.78	831.87	458.40	581.11
Las Marias.....			26.58	99.89	27.00	2,474.91	362.70	14,746.15
Maricao.....	14.49		148.17			2,472.93	50.45	3,785.46
San Sebastian.....	29.74		1.70			3,851.68	746.98	3,303.36
Anasco.....	48.68			116.64	16.70	932.47	534.66	3,128.95
Rincon.....						78.98	332.99	695.82
Aguada.....	2.60					147.22	812.80	3,014.61
Moca.....	41.96	12.46	13.13	9.06		2,063.38	373.55	3,464.21
Aguadilla.....	18.33	15.67	12.34			450.78	509.46	747.16
Ponce.....	613.11	549.11	822.21	493.60	696.64	7,132.06	858.78	2,929.78
Yauco.....	108.08	99.23	57.05	75.38	636.47	3,500.48	170.57	4,225.67
Guayanilla.....	5.51	57.37	45.58	72.53	9.17	1,837.43	500.27	1,217.27
Adjuntas.....			56.14	26.21	76.13	1,361.87	1,493.60	7,823.51
Penuelas.....	161.22		3.54	115.79	6.58	1,114.32	494.73	1,902.63
Santa Isabel.....	22.68		25.18		140.35	495.20	50.42	78.34
Salinas.....	7.88	3.23	81.55	84.37	3.27	1,121.51	26.92	642.64
Juana Diaz.....	102.69	37.78	207.72	112.59	125.21	2,019.36	839.04	7,102.15
Coamo.....	45.17	55.47	22.60	22.57	42.53	1,060.83	969.73	6,994.80
Aibonito.....	275.77	101.38	166.27	217.19		1,517.62	3,160.27	1,398.26
Baranquitas.....	342.29	100.08	275.39	76.64	1,344.39	687.86	1,159.78	
Barros.....	38.60	86.23	23.88	58.04	31.96	1,821.73	768.20	2,538.67
Humacao.....	4.08	10.53	11.55	5.31	1.22	253.83	264.01	605.44
Arroyo.....					2.60	150.96	66.37	135.29
Guayama.....	83.81	26.22	1.25	34.95	12.96	575.44	295.78	479.41
Maunabo.....					.78	45.52	47.72	260.65
Patillas.....	11.33		15.07		8.43	93.45	96.56	1,201.75
Yabucoa.....						444.37	255.21	368.12
Fajardo.....	2.31	11.30	6.69		3.65	281.29	195.31	409.33
Naguabo.....	13.99	6.24				198.04	59.00	58.60
Caguas.....	15.42	23.43	17.45			332.40	148.82	216.24
Cayey.....	216.47	57.35	59.76	24.29	18.87	1,745.97	892.33	1,382.05
Cidra.....	27.81	34.84	198.12	31.82	31.55	992.10	192.21	1,459.99
Comerio.....	360.39	429.84	99.85	164.36	138.07	2,002.53	147.32	1,878.30
Aguas Buenas.....	29.90	19.95	57.31	192.13	67.74	1,084.71	388.88	2,002.61
Gurabo.....	44.52	44.06	29.41	.40	2.86	558.83	295.72	224.20
Hato Grande.....	8.14	14.29	17.43	2.42	16.31	408.45	88.83	178.24
Juncos.....	24.63	19.74	8.50	19.41		354.42	238.50	83.73
Viequez.....								
Total.....	3,903.85	4,384.27	3,166.64	3,613.72	3,170.70	98,304.08	44,228.93	153,088.30

No. 8.

Miscellaneous receipts.

Two per cent interest on daily balances in insular depositories.....	\$8,996.66
Three per cent tax collected on premiums of insurance companies.....	5,865.91
Licenses issued to transact business in Porto Rico for foreign corporations..	1,125.00
Licenses issued to carry firearms and fines for carrying concealed weapons..	2,466.75
Franchise royalties	1,529.12
Canon tax	1,145.52
Annual rent of mines.....	1,033.96
State promissory notes.....	1,193.10
Amounts collected by collectors of internal revenue and disbursing officers—judicial, municipal, and administrative fines, sale of confiscated goods, sale of Government property, convicts labor, pay patients insane asylum, and other sundry sources	15,315.18
Payment of indebtedness to the insular government made by the municipality of Ponce.....	21,513.56
Total	60,184.76

REPORT OF THE AUDITOR.

OFFICE OF THE AUDITOR OF PORTO RICO,
San Juan, P. R., July 1, 1902.

Hon. W. H. HUNT,

Governor of Porto Rico.

SIR: Complying with the request contained in your letter of May 17, 1902, I have the honor to submit the following report of the transactions of the auditor's office from the date of Governor Allen's report to the President up to July 1, 1902:

The auditor's statement of receipts and expenditures published with the above-named report of Governor Allen covers the period from May 1, 1900, to March 31, 1901; hence the financial statement required by you must necessarily extend from April 1, 1901, to June 30, 1902, inclusive. As this period covers three months of the fiscal year ending June 30, 1901, and the whole of the fiscal year ending June 30, 1902, it will be more convenient, for the purposes of your report and for future reference, to present separately the financial statements for the periods named, so that there may be a complete and separate report of receipts and expenditures for the fiscal year ending June 30, 1902.

The following summary of the duties of the auditor and of the laws and regulations governing the business of the office will serve to explain the financial statements herein submitted:

DUTIES OF THE AUDITOR AND BUSINESS METHODS GOVERNING HIS OFFICE.

The auditor's duties are brought closely in touch with every department and branch of the insular government in the matter of receipts and expenditures. Section 23 of the organic act of Congress (Foraker law), approved April 12, 1900, provides, among other duties, "that the auditor shall keep full and accurate accounts, showing all receipts and disbursements." This requirement of the organic act is complied with in two ways:

1. By the keeping of a general ledger of receipts and expenditures, in which is entered in detail every payment to the treasurer or deposit made with him, as evidenced by the receipts in duplicate (in the nature of certificates of deposit) issued therefor, and every payment by the treasurer upon warrants (accountable and settlement) issued by the auditor and countersigned by the governor, which constitute the only authority upon which the treasurer can effect payments from the insular treasury. All receipts issued by the treasurer for moneys

deposited with him are required by law to be countersigned by the auditor, and until so countersigned they are invalid. The original receipts are retained and filed in the auditor's office, being the evidence on which the treasurer is charged with the moneys and revenues deposited, in the settlement of his monthly accounts of receipts and expenditures by the auditor. The duplicate receipts are delivered or transmitted to the parties in whose names the deposits are made, and constitute the vouchers upon which officers depositing moneys with the treasurer receive credit therefor in the settlement of their accounts.

The treasurer's receipts are entered upon the general ledgers of receipts and expenditures by number, date, and the name of the depositor, respectively, under the general heads of "insular revenues" and "trust funds," according to the nature of the deposit. The subheads of insular revenues to which the treasurer's receipts are credited are "customs receipts," "internal-revenue receipts," "miscellaneous receipts," and "repayments" (by disbursing officers). All pay warrants, whether accountable or settlement, are charged upon the general ledger of receipts and expenditures by number, date, and payee, to "insular revenues" or "trust funds," in accordance with the fund from which the payment is to be made. As the balances are carried forward from month to month, the general ledger of receipts and expenditures will show at any time the total balance in the insular treasury as well as the balance of insular revenues and of trust funds. This ledger is compared and checked at the close of each month with a similar ledger kept in the treasurer's office and the balances verified. A further verification of the balance in the hands of the treasurer is afforded by the monthly audits of his general account of receipts and expenditures, and another still by the monthly audits of the accounts of the depositaries with whom the insular revenues and trust funds are deposited. Tested by these three separate methods, the general balance in the insular treasury must be found the same by each result; and from the inauguration of the auditing system on July 1, 1899, to the present time no discrepancy has been found to exist.

2. The requirement of the Foraker Act, "that the auditor shall keep full and accurate accounts, showing all receipts and disbursements," is also complied with in another way, by the monthly audits of the general accounts of the treasurer for receipts and expenditures, and of the accounts of the depositaries for insular revenues and trust funds, as also by the audits of all monthly accounts of revenues received, and the audits of all accounts of disbursements from insular revenues and trust funds and the settlement of claims payable therefrom. The auditor's statements and certificates made upon the settlements of these accounts and claims are similar to the statements and certificates used by the accounting officers of the United States Treasury in the audit of accounts. The auditor's statement on each settlement presents in

itemized form the insular revenues collected and charged and the disbursements allowed and credited.

Section 4 of the organic act of April 12, 1900 (Foraker law), provides that the cost of collecting customs duties and taxes in Porto Rico shall be paid therefrom. Hence in auditing the accounts of the collector of customs for Porto Rico the disbursements are necessarily credited in the same settlement in which the revenues collected are charged. With this exception all insular revenues and fees of whatever kind collected are deposited in full with the treasurer of Porto Rico, and separately accounted for and separately audited, the disbursements being made from appropriations provided by law or from trust funds lawfully authorized, for which separate accounts are rendered and separate audits made.

The customs-revenue accounts are audited in accordance with the laws of the United States, the customs regulations thereunder, and the decisions of the Treasury Department of the United States relating thereto.

The audit of the internal-revenue accounts is governed by the local laws. The collectors are required to render detailed and itemized returns of all property taxes and excise taxes collected, showing the names of taxpayers, kind of tax, and amount thereof paid on property; also the names of the parties purchasing internal-revenue stamps to pay excise taxes, the date of payment, and the particular kind of excise tax to be paid. These returns are compared and verified in the treasurer's office and transmitted monthly to the auditor to be used in connection with the audit of the internal-revenue accounts and filed therewith. In the audit of said accounts each separate item of property tax collected from the individual taxpayer is verified by comparing the same with the corresponding name and entry on the assessment roll.

The regulations governing the audit of accounts for disbursements and the character of the abstracts and vouchers required are practically the same as in the accounting offices of the United States Treasury Department. Separate monthly accounts are rendered by each of the nine collectors of internal revenue, and separate audits made for insular tax on property and excise taxes; for municipal tax on property; for miscellaneous receipts of internal revenue, and for disbursements by the collectors as disbursing agents. Two accounts are rendered monthly by each internal-revenue stamp agent and separately audited, the one for excise taxes received from sales of internal-revenue stamps and the other for the compensation allowed and paid to said agents upon the amount of stamps sold.

Thirteen disbursing officers connected with the different departments of the insular government render their accounts of disbursements each month; a number of them are required to render several separate

accounts each, in accordance with the appropriations and trust funds from which the disbursements are made. The blank forms for the rendition and audit of disbursing accounts are so arranged as to show under separate heads the amounts received and disbursed under each appropriation. The subheads of appropriations as fixed by law and the audited disbursements therefrom are kept in book accounts in the accounting branch of the auditor's office.

The auditor's statement and certificates are numbered in consecutive order, entered upon personal ledgers kept in the auditor's office, registered, and filed. The customs receipts and internal-revenue receipts, as ascertained by the audited accounts, are also entered in detail, under each appropriate head, in books of record kept in the auditor's office for statistical purposes. "Full and accurate accounts" of revenues, fees and moneys collected and received, and also of disbursements made, as well as of claims audited and paid, are thus preserved and made a matter of permanent record.

TRUST FUNDS.

The trust funds herein referred to and which appear in the financial statements following may be grouped under the following general heads:

1. Allotments by the President from the appropriations of revenues collected in the United States on importations from Porto Rico, which were appropriated by the act of Congress approved March 24, 1900, and by section 4 of the organic act (Foraker law), approved April 12, 1900, and "placed at the disposal of the President," "to be used for the government and benefit of Porto Rico," "for the aid and relief of the people thereof, and for public education, public works, and other governmental and public purposes therein." After the allotments have been made by the President, the Secretary of the Treasury, upon request of the treasurer of Porto Rico, remits to him directly or places to his credit with the assistant treasurer of the United States at New York, such amounts as are required for the needs of the insular government. For these amounts the treasurer issues his receipts (or certificates of deposit) in duplicate, as for any other deposits. The receipts so issued are entered upon the general ledger of receipts and expenditures under the head of trust-fund receipts and credited upon the separate trust-fund ledger under the head of "allotments from appropriations of revenues collected on importations from Porto Rico—public and permanent improvements, etc." From this general trust-fund assignments for the use of the different departments are made by the governor with the approval of the heads of the executive departments, pursuant to the provisions of the appropriation acts referred to and the terms of the allotments by the President. The amounts so assigned are transferred from the general allotment fund by transfer

warrants and carried to the credit of special trust-fund appropriation accounts, such as "school extension," "construction and repair of country roads," "insular normal school," etc. Upon these special trust-fund appropriation accounts requisitions are drawn in the usual form by the disbursing officers of the respective departments, accountable warrants issued thereon, and monthly accounts of the disbursements rendered and audited.

"MAINTENANCE OF INSULAR TELEGRAPH SERVICE—TRUST FUND."

2. At the time of the transfer of the insular telegraph service to the civil government by the military authorities in February, 1901, as the receipts from this service had theretofore been applied to the payment of its operating expenses, in order to continue the same the governor, by letter of February 21, 1901, ordered that, until otherwise provided, all tolls and revenues received from the insular telegraph service shall be deposited in full with the treasurer of Porto Rico as a trust fund to be denominated "Maintenance of insular telegraph service," upon which requisitions should be drawn by the disbursing officer of the bureau of insular telegraph, under the commissioner of the interior, and regular monthly accounts of his disbursements rendered.

By the general appropriation act for the service of the fiscal year ending June 30, 1903, approved March 1, 1902, regular appropriations for the insular telegraph service for said fiscal year are provided, and said act directs that from and after July 1, 1902, all tolls, revenues, and receipts from the insular telegraph service shall be deposited in the treasury as insular revenues, under the head of "Miscellaneous receipts," and not as trust funds.

"MUNICIPAL TAX ON PROPERTY" AND "MUNICIPAL TAX ON CORPORATION PROPERTY."

3. By resolutions duly adopted by the councils of the municipalities of the island, and subsequently ratified and authorized by the legislative assembly, the treasurer, through the agency of the collectors of internal revenue, collects on behalf of the municipalities the municipal tax on individual property, along with the insular tax. Both insular and municipal taxes on corporation property are paid directly to the treasurer, who renders accounts therefor. The collectors of internal revenue render separate accounts for municipal tax on property collected by them. These taxes collected on behalf of the municipalities are necessarily and properly treated as trust funds, and are so deposited, under the heads of "Municipal tax on property" and "Municipal tax on corporation property." After the audit of the accounts of the collectors for the municipal tax on property collected by them monthly settlements in favor of the respective municipalities are made by the auditor, and the amounts found due to each are paid by settlement warrants from the trust-fund account. Like settlements are

made in favor of the municipalities for "municipal tax on corporation property," after the audit of the treasurer's accounts therefor.

From and after July 1, 1902, the treasurer, through the agency of the collectors, will also collect the "school tax" and "bond-redemption tax" on behalf of the municipalities, which will, in like manner, be treated and deposited as trust funds and paid over to the municipalities by settlements of the auditor and settlement warrants drawn thereon.

"HARBOR IMPROVEMENTS—TRUST FUND."

4. By the regulations for the harbors and ports of Porto Rico, recently approved by the executive council, pursuant to law (section 134, Political Code, paragraph 5, approved March 1, 1902), it is provided that all harbor fees, fines, penalties, and moneys collected by the captain of the port of San Juan (and of other ports where the office of captain of the port shall be established) shall be deposited with the treasurer as a trust fund, denominated "harbor improvements—trust fund." The captain of the port is required to give bond and render to the auditor monthly sworn returns of all moneys collected by him and accounts therefor. The disbursing officer of the office of the commissioner of the interior is authorized to make requisitions upon this trust fund for the salaries and expenses of the office of the captain of the port and to render monthly accounts of his disbursements from the amounts advanced to him on this account.

SUNDRY INDIVIDUAL TRUST-FUND DEPOSITS.

5. The deposits under this head consist of sundry trust funds deposited by individuals, such as cash deposits in the nature of money bonds (as bonds of registrars of property, bonds to secure contracts, bail bonds required by the courts, etc.), the amounts of which are to be refunded to the proper parties after all conditions have been complied with and no further liability exists; deposits to cover the expenses of demarcation of mines, deposits as guaranties for franchises, judicial deposits, and others of like character. All of these individual deposits are credited separately under the proper heads on the trust-fund ledgers, and payments therefrom made from time to time by settlement warrants based upon settlements of the auditor duly certified.

TREASURER'S ACCOUNT OF INTERNAL-REVENUE STAMPS.

The treasurer is charged upon the books of his office, as also upon the books of the auditor's office, with the total amount of internal-revenue stamps received by him, as shown by the invoices thereof and his acknowledgment of the same, according to their denominations and the number and value of each denomination. He is credited with the

value of the stamps issued from time to time to the collectors of internal revenue and internal-revenue stamp agents upon their receipts therefor, which are transmitted by the treasurer to the auditor and filed in the auditor's office. The account of the first, or old, issue of internal-revenue stamps under the late treasurer, Hon. J. H. Hollander, was balanced and closed upon the certificate of a committee appointed by the governor to witness the destruction of the balance of the stamps of the old issue, upon which the late treasurer was credited with the value of the stamps destroyed, amounting to \$175,744.96, as shown by the report of the committee.

The second issue, first series, of internal-revenue stamps has been retired, and a second series, printed at the Bureau of Engraving and Printing of the Treasury Department, substituted therefor. The treasurer's account of internal-revenue stamps, first series, has in like manner been balanced and closed by crediting him with the value of the balance of the retired stamps on hand, which were destroyed in the presence of a committee appointed by the governor, with the exception of a small number of each denomination which, upon authority of the governor, were retained as specimens and duly canceled and marked "Specimens." The total value of the stamps of the second issue, first series, destroyed and canceled, as certified by the committee and credited to the treasurer's account, is \$3,347,892.46.

With the financial and statistical statements which follow herein there is a statement of the number, denominations, and value of internal-revenue stamps, first issue, second series, charged to the treasurer on July 1, 1902.

CLAIMS AGAINST PORTO RICO WHICH ACCRUED PRIOR TO THE DATE OF AMERICAN OCCUPATION.

In the auditor's report of April 1, 1901, to Governor Allen, which is printed with his report to the President (p. 298), reference is made to certain claims against Porto Rico which accrued prior to the date of American occupation of the island, and which are filed in the auditor's office; reference is also made to the decisions and rulings that the insular government has no lawful authority to pay these claims, and hence the auditor can not lawfully consider them. It was officially decided by the solicitor of the War Department, during the period of the military government, that the Congress of the United States alone has authority to determine whether or not claims of this character shall be paid and to provide the manner of their adjudication.

In view of the frequent inquiries made to the auditor respecting said claims and requests for their payment on the part of claimants, on January 8, 1902, I submitted the matter and the correspondence relating thereto for your official consideration. The following letter addressed by you to the auditor under date of January 14, 1902, fully explains

the policy and attitude of the insular government respecting the claims referred to:

EXECUTIVE MANSION PORTO RICO,

San Juan, January 14, 1902.

SIR: I have the honor to acknowledge receipt of your letter of January 8, bringing to my official notice the question of the legality of claims made against the government where the claims accrued prior to the date of the American occupation. I have also read the inclosures, which include a copy of an opinion rendered by the law office of the War Department of the United States.

I can not think that there is any obligation upon the insular government to assume the payment of obligations which were contracted by the Crown of Spain through the officials of the island of Porto Rico, and which were clearly the obligations of the Kingdom of Spain, and which became a part of its debt to citizens living in the island of Porto Rico. I think to enter upon the payment of such claims would be against the usual rules of law and without the terms of the treaty of Paris. There is no treaty obligation requiring us to pay them, and there is no assent on the part of the United States to make such payment.

I am very clear that the policy of the government must be against the payment of such claims and that your advice and attitude have been legal and correct.

Very respectfully,

W.M. H. HUNT, *Governor.*

The AUDITOR OF PORTO RICO,

San Juan, P. R.

The total number of claims of this character which have been filed up to the present time is 59, aggregating in amount \$38,793.64. Two claims, amounting to \$919.61, have been withdrawn by the claimants, leaving on file in this office 57 claims, the aggregate amount of which is \$37,874.03.

EXAMINATION OF THE OFFICES AND ACCOUNTS OF DISBURSING OFFICERS
OF THE INSULAR GOVERNMENT.

Pursuant to the requirements of the circular of instructions respecting disbursing officers, approved by the governor June 25, 1901, systematic examinations of the offices and accounts of the disbursing officers of the insular government have been made during the past fiscal year by a committee of accounting clerks from the auditor's office designated by the governor, of which the deputy auditor was chairman. No deficiencies or shortages were found in the money accounts, and as a rule the business methods of the offices were reported as excellent and the books and records satisfactorily kept. Some few irregularities and deficiencies in details of accounting and bookkeeping were pointed out in the reports of the committee, in order that they may be rectified in the future. The reports of the committee were duly transmitted to the governor through the auditor and copies thereof sent to the heads of the respective departments under which the disbursing officers are employed.

It is proper to state in this connection that but one shortage in the accounts of the disbursing officers of the insular government has

occurred since the auditing system was established (July 1, 1899), that of a disbursing officer who died while in office (in June, 1901). The shortage in this disbursing account as ascertained by the official audit is \$1,416.70. The surety company on the deceased officer's bond has paid into the insular treasury the sum of \$1,221.70, the sum of \$102.11 has been received and deposited as a transfer from the late disbursing officer's special-deposit account at the American Colonial Bank, and the sum of \$92.89 allowed as a compromise upon the tender of the surety company, approved by the governor, thus closing this account.

Some shortages and defalcations, none of large amount, and most of them relating to the period of the late military government, have been discovered in the accounts of taxgatherers and deputy collectors of internal revenue. A number of these shortages have already been made good by payments on the part of the sureties, some have been recovered by suit, and a few cases are still pending awaiting the usual investigation by the surety company on the bonds of the defaulting tax collectors and deputy collectors and will probably be paid. The loss to the insular government by shortages and defalcations on the part of the insular officials has so far been comparatively insignificant.

ANNUAL DIGEST OF APPROPRIATIONS.

Among the duties of the auditor's office is that of preparing an annual digest of the appropriations provided by the legislative assembly of Porto Rico.

A printed copy of the digest of appropriations, as provided in the laws passed by the second session of the legislative assembly, which terminated March 1, 1902, is herewith submitted:

The amount appropriated for deficiencies in the service of the fiscal year ending June 30, 1902, and prior years, and for the payment of miscellaneous claims prior to July 1, 1902, is	\$82,953.11
For the service of the fiscal year ending June 30, 1903, the total amount appropriated is.....	2,202,326.80
The amount appropriated for miscellaneous objects and purposes (no fiscal year) is.....	60,000.00
Total amount appropriated by the legislative assembly, second session.....	2,345,279.91

IMPROVEMENTS IN THE AUDITING SYSTEM UNDER THE CIVIL GOVERNMENT.

The auditing system inaugurated under the military government pursuant to the Executive Order of May 8, 1899, and the regulations promulgated by the Secretary of War on May 11, 1899, to carry the same into effect, was modeled in all its essential features after the accounting system of the Treasury Department of the United States. These essential features are preserved and maintained by the Foraker

Act. Since the establishment of the civil government important improvements have been made in the system, some developed by experience in the practical workings and details and others effected by legislation. In the political code enacted by the legislative assembly at its last session the duties of the auditor are specifically defined, being practically the same as prescribed in the auditing system embodied in the regulations of the Secretary of War of May 11, 1899, and the general orders issued from time to time by the military governor. New and necessary provisions are also added. Among the more important are the provisions for covering back into the insular treasury and to the credit of a trust fund account denominated "Outstanding liabilities," drafts of the treasurer and checks of disbursing officers of the insular government which have remained outstanding and unpaid for two years or more, and providing for payment of the same on settlements of the auditor upon satisfactory proof; for covering back into the insular treasury, by surplus-fund warrants, the unexpended balances of appropriations which have remained upon the books of the auditor and treasurer for two years or more after the termination of the fiscal year for which such appropriations were made; for issuing duplicates of drafts of the treasurer and checks of disbursing officers where the originals have been lost or destroyed, upon the filing of satisfactory bonds of indemnity; the provisions governing the indorsement of drafts issued by the treasurer, the assignment of contracts with and claims against the insular government, and the receipting of vouchers; the provisions requiring periodical examinations by the auditor of the offices and accounts of disbursing officers and prescribing the duties, liabilities, and responsibilities of disbursing officers; the provisions for the approval of the general forms of official bonds required of officers of the insular government, for their approval as to form and execution, as to sufficiency of sureties, and the registering and filing of the same; the provisions defining the duties of the auditor with respect to balances due to the people of Porto Rico, as ascertained upon his official audit, and certifying the same to the attorney-général for suit; and the provisions prescribing the jurisdiction of the auditor and providing for an appeal to the governor from the action of the auditor in the settlement of any account or claim whereby any officer, agent, or claimant is aggrieved.

In the progress made in the auditing system of the insular government the tendency has been and is to assimilate it more closely to the accounting system of the United States. The laws and regulations governing the accounting officers of the United States Treasury and the decisions of the Comptroller of the Treasury have in most cases afforded a safe and satisfactory rule and guide in the settlement of insular accounts. The governor, with respect to the auditor and the insular accounting system, is clothed with powers similar to those

exercised by the Comptroller of the Treasury of the United States. All warrants issued by the auditor must be countersigned by the governor to give them legal validity. No payments can be made from the insular treasury except upon pay warrants (accountable or settlement) issued by the auditor and countersigned by the governor. No advance of public moneys upon requisitions can be made until such requisitions are first approved by the governor, to whom they are submitted by the auditor with a certificate showing the condition of the accounts of the officer seeking an advance of money, the amount of his official bond, and a statement of the balances in the treasury. Disbursing officers are required to deposit all advances of public moneys received by them with one of the depositaries for insular revenues, and to draw checks thereon only in favor of public creditors for the payment of authorized accounts, such checks to be approved before issue and delivery by the head of the proper department to which the disbursing officer is attached, or by some officer thereof duly designated in writing by the head of the department. Advances are limited to and kept within the respective amounts of the official bonds of the officers to whom public moneys are advanced upon accountable warrants. The claims upon which settlements are made and certified by the auditor and settlement warrants drawn thereon must first be approved by the head of the proper department or by the governor. No payments can be made in excess of the appropriations provided by law, or of the trust funds allotted by the governor, with the approval of the executive heads. Appropriations provided by law are credited upon appropriation ledgers in the offices of the auditor and treasurer upon the authority of appropriation warrants issued by the auditor and countersigned by the governor, and all pay warrants issued by the auditor and countersigned by the governor are charged upon the appropriation ledgers to the proper appropriations or trust funds from which payment is authorized. Under the authority of law enacted by the legislative assembly the governor may, when in his opinion the needs of the public service require it, order transfers from one appropriation to another of a like general character provided for the service of any particular department, and may in like manner authorize transfers in the subheads of appropriations. Upon such written authority of the governor, directed to the auditor, transfer warrants are issued by the latter and countersigned by the former. The law authorizing the governor to direct transfers of appropriations, subject to the needs of the public service, and within the total amounts appropriated by law, has been found to be a wise and salutary provision, since in a new government it is obviously difficult to estimate closely for all the needs and exigencies of the public service, the estimates in some cases being of necessity merely conjectural.

The present auditing system of the insular government is less com-

plicated and elaborate in detail than that which prevailed before the time of American occupation; hence, in proportion to the volume of business transacted, it requires less clerical force. The business of the office is successfully conducted and kept up to date, with an auditor, an assistant auditor, and a total clerical force of eighteen employees, which includes stenographers and typewriters. Many details in the accounting system of the United States, which are required in the vast and varied business of the National Government, are dispensed with as unnecessary in the more limited system of the insular government, while it preserves all of the safeguards, checks, and balances of the unsurpassed accounting system inaugurated in the Treasury Department of the United States under Alexander Hamilton, its first Secretary, which has so signally protected the National Treasury for more than a century.

PRINTING AND SUPPLY DIVISION.

The annual report of the printing and supply division connected with the auditor's office, showing its business transactions during the fiscal year and the stock on hand June 30, 1902, is herewith submitted. Stationery supplies have been issued and official printing done during the fiscal year for every department and bureau of the insular government, including the executive council and the house of delegates, the insular courts, and the United States district court for Porto Rico. A considerable amount of official printing has also been performed for the office of the collector of customs for the island. The stationery supplies are purchased in large quantities, upon competitive bids, from wholesale houses in the United States, at very reasonable rates, as a rule at less than one-half of the prices for which the same kind of supplies could be purchased from local dealers, and in many cases at one-fourth and one-fifth of the actual prices charged here for the same class of articles, as ascertained by examination of the vouchers and prices in cases where such local purchases have been made. The wholesale prices at which stationery and stationery supplies have been purchased during the current fiscal year are considerably less than the prices paid during the preceding year. The official printing turned out has proved highly satisfactory, and the cost thereof, including material, is very greatly below the prices charged by the printing establishments in San Juan. The requisitions for printing have been so large as to tax the printing office beyond its utmost capacity, so that the purchase of a larger press than the one now in use has been decided upon.

In view of the very great saving effected and the superior quality of the articles issued, it should be the policy of all the departments and branches of the insular government to procure stationery and station-

ery supplies from the printing and supply divisions, instead of purchasing the same in open market at excessive prices, and also to have official printing done by the printing and supply division, so far as possible.

RECORD OF THE OFFICIAL REGISTRATION OF BONDS ISSUED BY
MUNICIPALITIES.

Under the provisions of the ordinances adopted by the municipalities which have contracted loans pursuant to section 38 of the organic act of Congress approved April 12, 1900, and the act of the legislative assembly authorizing and regulating the issuance of bonds by the cities of Porto Rico, approved January 31, 1901, the official registrations of the bonds so issued are recorded in the auditor's office as well as in the office of the treasurer.

The preliminary receipts and final registration have been duly recorded with respect to the issue of 6 per cent gold coupon bonds by the city of San Juan, in denominations of \$1,000 each, aggregating \$600,000. And the preliminary receipts have been duly recorded respecting like bond issues of the city of Ponce, aggregating \$200,000; of the city of Mayaguez, aggregating \$200,000, and of the city of Arecibo, aggregating \$100,000, in denominations of \$1,000 each. The bonds of the city of San Juan were sold at a premium of \$18,375, or $3\frac{1}{8}$ per cent; those of Ponce at a premium of \$7,000, or $3\frac{1}{2}$ per cent; and the bonds issued by the cities of Mayaguez and Arecibo were sold at par.

ASSIGNMENT OF OFFICE BUSINESS.

1. The auditor in the discharge of his general duties has the assistance of one stenographer and typewriter, who is also mail clerk and performs sundry miscellaneous work under the direction of the auditor, and examines and registers all official bonds received.

2. To the assistant auditor, with two accounting clerks and one stenographer and typewriter, is assigned the settlement of all accounts of the disbursing officers of the several executive departments of the insular government and the bureaus and offices connected therewith, including the disbursing officers of the legislative assembly, the insular police, and the director of charities; the accounts of captains of ports for harbor fees, fines, and penalties collected; also the settlement of all miscellaneous claims.

3. One chief clerk or principal bookkeeper, with two assistant clerks, has charge of the issuing of all warrants, the examination and certification of all requisitions for advances of money, and the general bookkeeping pertaining to the receipts and expenditures of the insular government and the personal ledger accounts of all audited settlements and claims.

4. One chief clerk, with three assistant accounting clerks, has charge of the settlement of all accounts of internal-revenue receipts and municipal taxes collected and disbursements relating thereto, including all internal-revenue claims and claims pertaining to municipal taxes which are paid on settlements.

5. One chief clerk, with four assistant accounting clerks, has charge of the settlement of the account of customs-revenue receipts collected at the port of San Juan and the seven subports of the island and the disbursements therefrom, including the settlement of all claims pertaining thereto.

6. One chief clerk, with one accounting clerk, has charge of the settlement of the treasurer's general accounts of receipts and expenditures, the accounts of the depositaries for insular revenues, the official printing ordered upon approved requisitions for the various departments, offices, and bureaus of the insular government, including the courts, and the purchase and issue of stationery and stationery supplies upon approved requisitions, and the keeping of the book accounts pertaining thereto. The printing office employs one foreman, one printer, and one printer's assistant.

All accounts are rendered monthly and audited and certified during the month next succeeding that for which the accounts are rendered.

AUDITOR'S MONTHLY REPORTS.

Under the provisions of section 23 of the organic act of Congress, approved April 12, 1900 (Foraker Act), the auditor transmits each month to the Secretary of the Treasury of the United States and to the governor of Porto Rico a detailed and itemized report, showing the items of all receipts and expenditures during the month covered by such report, and also the items of audited receipts and audited disbursements, including the audited claims, as shown by the official audits made.

It is therefore considered unnecessary to make the financial statements accompanying this report in such minute detail, and hence they are submitted in more condensed form.

As the audit of the accounts for the month of June, 1902, can not be completed until the close of the month of July, and some supplemental accounts pertaining to the fiscal year ending June 30, 1902, will be necessarily audited at a later date, the summarized statements of audited receipts and audited disbursements are omitted from this report.

FINANCIAL STATEMENTS.

Receipts and expenditures from April 1, 1901, to June 30, 1901.

RECEIPTS.

Balance in the hands of the treasurer at close of business on March 31, 1901, as shown by the auditor's report to Governor Allen, dated April 1, 1901	\$363,493.95
Insular revenues	\$163,979.55
Trust funds	<u>199,514.40</u>

363,493.95

(See pp. 284-285, first annual printed report of governor of Porto Rico.)

DEPOSITS WITH THE TREASURER.

I. INSULAR REVENUES.

(a) *Customs receipts.*

Deposits by collector of customs for Porto Rico:

April, 1901.....	\$75,000.00
May, 1901	55,000.00
June, 1901	<u>70,000.00</u>
Total deposits of customs receipts	200,000.00

(b) *Internal-revenue receipts.*

Deposits by collectors and stamp agents:

April, 1901.....	\$80,174.82
May, 1901	90,667.09
June, 1901	<u>94,159.26</u>
Total internal-revenue receipts proper	265,001.17

(c) *Miscellaneous receipts of internal revenue.*

April 1 to June 30, 1901, deposits by collectors of internal revenue	698.87
Total deposits of internal-revenue receipts	265,700.04

(d) *Miscellaneous receipts from sundry sources.*

April 1 to June 30, 1901, deposits by sundry officers and individuals..	5,974.32
Total insular revenues deposited	471,674.36

(e) *Repayments.*

April 1 to June 30, 1901, sundry deposits by disbursing officers.....	2,754.00
Total deposits and repayments to credit of insular revenues	474,428.36

II. TRUST FUNDS.

April 1 to June 30, 1901. (a) Remittances by Treasury Department, United States, to treasurer of Porto Rico, from allotments made by the President, of revenues collected on importations from Porto Rico (act of Congress approved March 24, 1900):

April, 1901. For construction and repair of country roads in Porto Rico..	\$50,000.00
For refund to contractors of amounts paid as customs duties on materials imported for contract work.....	<u>6,000.00</u>

May, 1901. For public and permanent improvements, etc.....\$250,000.00

Total remittances on account of allotments 306,000.00

April, 1 to June 30, 1901:

(b) Receipts from insular telegraph service 5,218.06
 (c) License and examination fees, superior board of health 80.00
 (d) Sundry trust-fund deposits..... 6,769.46

Total trust funds deposited..... \$318,067.52

Repayments.

April 1 to June 30, 1901. Model and training school, insurance trust fund..... 965.75

Total deposits and repayments to credit of trust funds..... \$319,033.27

Total amount of deposits from April 1, 1901, to June 30, 1901... 793,461.63

Balance on hand at close of business on March 31, 1901, as before stated (p. 19) 363,493.95

Total receipts to June 30, 1901, to be accounted for 1,156,955.58

EXPENDITURES.

I. PAYMENTS FROM INSULAR REVENUES.

1. Amounts advanced to disbursing officers of the insular government, from insular revenues, on accountable warrants, for expenditures under the following heads, April 1, 1901, to June 30, 1901:

Legislative.

Executive council, salaries and expenses	\$5,185.00
House of delegates, per diems, mileage, and expenses...	1,315.00
Printing and publication of laws of Porto Rico.....	2,152.90
Total advanced for legislative expenditures.....	\$8,652.90

Executive.

Executive mansion, offices of the governor and secretary, salaries and expenses	\$9,070.20
Office of the attorney-general, salaries and expenses	4,226.41
Office of the treasurer:	
Bureau of accounts, salaries and expenses. \$4,484.65	
Bureau of internal revenue, salaries and expenses.....	3,348.97
Bureau of municipal affairs, salaries and expenses.....	1,784.99
Internal-revenue agents, salaries and expenses.....	9,776.95
Commission on claims, diputación provincial.....	730.00
Bureau of assessment, salaries and expenses.....	44,486.53
	64,612.09

Office of the auditor, salaries and expenses, including printing office	\$7,426.46
Department of the interior:	
Office of the commissioner, salaries and expenses.....	\$5,534.40
Board of public works, salaries and expenses, office of the board, construction and repair of roads, maintenance and repairs of public buildings, expenses executive mansion, and expenses of harbor works	41,472.90
Superior board of health, salaries and expenses.....	4,072.00
	<u>51,079.30</u>
Department of education, salaries and expenses, office of the commissioner, salaries, teachers, public schools, purchase of text-books and school supplies, and contingent expenses incident to maintenance of public schools	116,893.56
Insular police of Porto Rico, salaries and incidental expenses of force, equipment, stabling, rent of quarters, and contingent expenses	72,380.35
Insular prisons, salaries and expenses incident to office of director of prisons, and maintenance of the penitentiary and insular prisons and support of prisoners	30,049.06
Insular charities, for salaries and expenses incident to the office of director of charities, and the maintenance of the insane asylum, leper colony, boys' charity school and girls' charity school, and support of inmates.....	24,223.34
Internal-revenue service, salaries and office expenses of nine collectors of internal revenue, and the various deputy collectors	11,675.57
Porto Rican code commission (act of the legislative assembly, January 31, 1901), salaries and expenses, compiling codes for Porto Rico.....	3,460.02
Total advanced for executive expenditures.....	\$395,096.36

Judicial.

Insular courts of Porto Rico, salaries and expenses, supreme court and district courts, and clerical expenses, municipal courts	38,529.21
United States district court for Porto Rico, salaries and expenses, including salaries of judge, district attorney, marshal, deputy marshals, and clerks, fees of jurors and witnesses, and all expenditures of operating the court	9,109.78
Total advanced for judicial expenditures.....	47,638.99
Total amount advanced from insular revenues.....	451,388.25
(2) Payments of sundry claims from insular revenues on settlement warrants, upon settlements certified by auditor:	
(a) Payments to municipalities of proportionate share of excise taxes collected	\$36,613.09

9553—02—13

194 REPORT OF THE GOVERNOR OF PORTO RICO.

(b) Commissions to internal-revenue stamp agents.....	\$2,034.38
(c) Fees of commissioner, United States district court for Porto Rico	96.15
(d) Awards, commission on claims, diputacion provincial.....	124.96
(e) Sundry miscellaneous claims	32,878.26
Total paid from insular revenues on settlements	\$71,746.84
Total amount paid from insular revenues.....	523,135.09

II. PAYMENTS FROM TRUST FUNDS.

1. Amounts advanced to disbursing officers of the insular government from trust funds on accountable warrants for expenditures under the following heads:

Department of the interior:

Construction and repair of country roads. \$12,710.00	
Maintenance of insular telegraph service. 5,343.65	
Examination fees, candidates to practice medicine (superior board of health)..	77.00
	\$18,130.65

Department of education:

School extension (constructing school- houses).....	46,405.59
Payment of teachers' pensions from teachers' pension fund	499.20
	46,904.79

Total amount advanced from trust funds..... 65,035.44

2. Payments of sundry claims from trust funds, on settlement warrants, upon settlements certified by the auditor:

Payments to sundry claimants	5,134.51
Total amount paid from trust funds.....	70,169.95
Total expenditures, April 1 to June 30, 1901.....	593,305.04
Total receipts to be accounted for.....	1,156,955.58
Total expenditures	593,305.04

Balance on hand at close of business June 30, 1901 563,650.54
as shown by the auditor's monthly report, dated July 9, 1901, and the general ledgers of the auditor and treasurer; also by the auditor's printed report for the fiscal year ending June 30, 1901, dated December 1, 1901, page 6.

The above balance of \$563,650.54, on hand June 30, 1901, was made up as follows:
Insular revenues \$74,631.41 |

Trust funds.....

Total..... 563,650.54

Receipts and expenditures from July 1, 1901, to June 30, 1902.

RECEIPTS.

Balance in the hands of the treasurer at close of business on June 30, 1901, as shown by the preceding statement (page 194), and by the auditor's monthly report dated July 9, 1901	\$563, 650. 54
Insular revenues	\$74, 631. 41
Trust funds	489, 019. 13
	563, 650. 54

DEPOSITS WITH THE TREASURER

I. INSULAR REVENUES.

(a) *Customs receipts.*

Deposits by collector of customs for Porto Rico:

July, 1901	\$67, 987. 57
August, 1901	50, 000. 00
September, 1901	57, 000. 00
October, 1901	73, 000. 00
November, 1901	85, 000. 00
December, 1901	125, 000. 00
January, 1902	40, 000. 00
February, 1902	60, 000. 00
March, 1902	115, 260. 46
April, 1902	55, 000. 00
May, 1902	65, 000. 00
June, 1902	55, 010. 27
Total deposits of customs receipts	848, 258. 30

(b) *Internal-revenue receipts.*

Deposits by collectors and stamp agents:

July, 1901	\$100, 537. 40
August, 1901	187, 360. 94
September, 1901	105, 948. 29
October, 1901	118, 988. 92
November, 1901	111, 264. 98
December, 1901	113, 319. 88
January, 1902	136, 908. 74
February, 1902	148, 800. 55
March, 1902	155, 328. 14
April, 1902	122, 611. 69
May, 1902	99, 963. 62
June, 1902	89, 232. 94

Total internal-revenue receipts proper

1, 490, 266. 09

(c) *Miscellaneous receipts of internal revenue.*

July 1, 1901, to June 30, 1902, deposits by collectors of internal revenue

\$7, 536. 54

Total deposits of internal-revenue receipts

1, 497, 802. 63

(d) *Miscellaneous receipts from sundry sources.*

July 1, 1901, to June 30, 1902, deposits by sundry officers and individuals	\$52, 525. 22
Total insular revenue deposited	2, 398, 586. 15

(e) *Repayments.*

July 1, 1901, to June 30, 1902, sundry deposits by disbursing officers..	31, 273. 86
Total deposits and repayments to credit of insular revenues	2, 429, 860. 01

II. TRUST FUNDS.

(a) *Allotments.*

August, 1901. Amount of allotment by the President from appropriation of revenues collected in the United States on importations from Porto Rico subsequent to May 1, 1900 (act of April 12, 1900), deposited to credit of the treasurer of Porto Rico with the assistant treasurer of the United States at New York: Public and permanent improvements.....	\$609, 937. 33
June, 1902. Remittance by Secretary of the Treasury of balances of allotments by the President from appropriation of customs revenues collected in United States on importations from Porto Rico, act of March 24, 1900: Public and permanent improvements	399, 988. 10
	1, 009, 925. 43

(b) *Municipal tax on property.*

July 1, 1901, to June 30, 1902. Amounts collected by the treasurer, through the collectors of internal revenue, on account of municipal taxes on property (at the rate of one-half of 1 per cent), and deposited in trust for the benefit of the respective municipalities and paid to them monthly on settlement warrants.....	409, 784. 91
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(c) *Municipal tax on corporation property.*

July 1, 1901, to June 30, 1902. Amounts paid directly to the treasurer of Porto Rico on account of municipal taxes on corporation property, and deposited in trust for the benefit of the respective municipalities and paid to them on settlement warrants	18, 981. 69
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(d) *Maintenance insular telegraph-service trust fund.*

July 1, 1901, to June 30, 1902. Fees, tolls, and receipts from the insular telegraph service, deposited in trust by the receiving and disbursing officer of the bureau of insular telegraph, to be drawn upon for the maintenance of the service	22, 610. 23
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(e) *Harbor-improvements trust fund.*

April 1, 1902, to June 30, 1902. Harbor fees, fines, and penalties collected by the captain of the port of San Juan and deposited in trust for the payment of the salaries and expenses of the office of captain of the port and for harbor improvements, pursuant to regulations approved by the executive council, under section 134, paragraph 5, of the Political Code, approved March 1, 1902..... \$1,607.57

(f) *Examination and license fees, superior board of health.*

July 1, 1901, to June 30, 1902. Fees for examinations of candidates to practice medicine and pharmacy, and for registration of formulas for patent medicines, deposited in trust by the secretary and treasurer of the superior board of health, to cover expenses of such examinations and registrations—General Orders, No. 153, September 30, 1899, and No. 87, April 25, 1900:

Examination fees	\$205.00
License fees, patent medicines	<u>76.00</u>
	281.00

(g) *Teachers' pension fund.*

July 1, 1901, to June 30, 1902. Moneys belonging to the teachers' pension fund (now abolished), deposited through the disbursing officer of the department of education to the credit of said fund for payment to the beneficiaries thereunder

328.03

(h) *Sundry trust-fund deposits.*

July 1, 1901, to June 30, 1902. Various deposits in trust by individuals, such as money bonds, bail bonds, deposits to cover expenses of demarcation of mines, etc

5,173.43

Total trust funds deposited.....	1,468,692.29
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(i) *Repayments.*

July 1, 1901, to June 30, 1902. Repayments of trust funds by disbursing officers from moneys advanced to them from trust funds for expenditure:

By late disbursing officer board of public works, account of repair and construction of country roads	\$9,955.15
By disbursing officer department of education, account of insular normal school	16.68
By disbursing officer superior board of health, account of examination fees	<u>17.96</u>

Total repayments to credit of trust funds.....	9,989.79
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Total deposits and repayments to credit of trust funds.....	\$1,478,682.08
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Total deposits from July 1, 1901, to June 30, 1902.....	3,908,542.09
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Balance on hand at close of business on June 30, 1901, as before shown (p. 194)	<u>563,650.54</u>
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Total receipts to June 30, 1902, to be accounted for.....	4,472,192.63
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EXPENDITURES.

I. PAYMENTS FROM INSULAR REVENUES.

1. Amounts advanced to disbursing officers of the insular government from insular revenues on accountable warrants for expenditures under the following heads, July 1, 1901, to June 30, 1902:

Legislative.

Executive council, salaries and expenses.....	\$26,068.17
House of delegates, per diems and mileage of members, salaries of employees, and contingent expenses	22,508.00
Printing and publication of laws of Porto Rico.....	2,853.97
	<hr/>
Total advanced for legislative expenditures.....	\$51,430.14

Executive.

Offices of governor and secretary, salaries and expenses.....	39,796.48
Office of the attorney-general, salaries and expenses	20,892.16
Office of the treasurer, salaries and expenses:	
Treasurer's office proper.....	\$47,577.50
Internal-revenue agents.....	47,437.53
Diputación provincial.....	1,434.90
Bureau of assessment.....	2,000.00
	<hr/>
Office of the auditor, salaries and expenses, including printing office.....	98,449.93
Department of the interior:	
Office of the commissioner, salaries and expenses	\$21,861.50
Board of public works, salaries and ex- penses, office of the board, mainte- nance and repairs of roads, maintenance and repair of public buildings, expenses, executive mansion, and expenses, har- bor works	335,301.87
Superior board of health, salaries and expenses	19,182.46
	<hr/>
Department of education, salaries and expenses, office of the commissioner; salaries, teachers of public schools; purchase of text-books and school supplies, expenses incident to the maintenance of public schools, educa- tion of Porto Rican students in the United States, and expenses of school for trained nurses	517,026.64
Insular police of Porto Rico, salaries and incidental ex- penses of force, equipment, stabling, rent of quarters, and contingent expenses	281,787.63
Insular prisons, salaries and expenses incident to office of director of prisons, and maintenance of the peni- tentiary and insular prisons and support of prisoners..	100,236.72
Insular charities, salaries and expenses incident to the office of the director of charities, and the maintenance of the insane asylum, leper colony, boys' charity school, girls' charity school, and support of inmates ...	103,196.02

Internal-revenue service, salaries and office expenses of nine collectors of internal revenue and the various deputy collectors.....	\$62,179.82
Porto Rican code commission (act of the legislative assembly approved January 31, 1901), salaries and expenses, compiling codes for Porto Rico	11,579.95
Representation of Porto Rico at Pan-American Exposition, Buffalo, N. Y., salaries and expenses incident to the representation of the Porto Rican exhibit.....	3,371.00
Representation of Porto Rico at Charleston, S. C., exposition, salaries and expenses incident to the representation of the Porto Rican exhibit.....	5,000.00
Expenses inauguration governor of Porto Rico, amount advanced to commissioner of education for expenses of inauguration	1,000.00
(Note.—Actual amount expended, \$363.50, and \$636.50 repaid and deposited by commissioner of education.)	
Relief of sufferers, Cabo Rojo fire, amount advanced to special disbursing officer, transfer from "Miscellaneous expenditures, subject to the approval of the governor," 1901-2, for relief of sufferers	200.00
Relief of indigent sick of Camuy, amount advanced from "Miscellaneous expenditures, subject to the approval of the governor," 1901-2, to the municipality of Camuy, as a temporary loan, for relief of indigent sick.....	400.00
Total advanced for executive expenditures.....	\$1,655.779.23

Judicial.

Insular courts of Porto Rico, salaries and expenses, supreme court and district courts, and clerical expenses, municipal courts	\$165,297.38
United States district court for Porto Rico, salaries and expenses, including salaries of judge, district attorney, marshal, deputy marshal, clerk and deputy clerks, fees of jurors and witnesses, and all expenses of operating the court	34,807.28
Total advanced for judicial expenditures.....	200,104.66
Total amount advanced from insular revenues.....	1,907,314.03
2. Payments of sundry claims from insular revenues, on settlement warrants, upon settlements certified by the auditor:	
(a) Payments to municipalities of proportionate share of excise taxes collected	\$185,423.82
(b) Commissions to internal-revenue stamp agents	16,571.74
(c) Fees of commissioners, United States district court for Porto Rico	623.05
(d) Awards by commission on claims against the late diputación provincial	36,523.20
(e) Water furnished by municipality of San Juan to buildings owned or controlled by the insular government, one-half payable in cash under contract.	4,749.30

(f) Pension to widow of Ramon Baldorioty de Castro for month of June, 1901, paid in July, 1901, and for fiscal year ending June 30, 1902. (Includes pension for June, 1901, paid in July, 1901, and pension for fiscal year ending June 30, 1902)	\$1,083.34
(g) Sundry miscellaneous claims.....	47,153.92
Total paid from insular revenues on settlements	\$292,128.37
Total amount paid from insular revenues, July 1, 1901, to June 30, 1902	2,199,442.40

II. PAYMENTS FROM TRUST FUNDS.

1. Amounts advanced to disbursing officers of the insular government, from trust funds, on accountable warrants, for expenditures under the following heads, July 1, 1901, to June 30, 1902:

Department of the interior:

Construction and repair of country roads.....	\$271,218.09
Maintenance of insular telegraph service	33,064.01
Examination fees, candidates to practice medicine, superior board of health	205.00
Harbor improvements, trust fund, salaries, and ex- penses, office captain of the port.....	763.19
	305,250.29

Department of education:

School extension (construction school- houses).....	\$140,090.28
Insular normal school, purchase of site and construction of building	37,016.68
Teachers' pension fund, payments to beneficiaries under the fund.....	4,147.48
	181,254.44

Total amount advanced from trust funds

486,504.73

2. Payments of sundry claims from trust funds, on settle-
ment warrants, upon settlements certified by the audi-
tor, July 1, 1901, to June 30, 1902:

(a) Municipal taxes collected by the treas- urer in trust for the municipalities of the island (through the collectors of internal revenue), and paid monthly to the municipali- ties, on auditor's settlements.....	\$403,442.17
(b) Municipal corporation taxes collected by the treasurer in trust for the municipali- ties of the island, and paid to the mu- nicipalities, on auditor's settlements	18,981.69
(c) Payments of sundry trust fund claims to individual claimants	5,352.78

Total paid from trust funds on settlements

427,776.64

Total amount paid from trust funds, July 1, 1901, to June 30, 1902. 914,281.37

Total expenditures, July 1, 1901, to June 30, 1902

3,113,723.77

Total receipts, July 1, 1901, to June 30, 1902, to be accounted for (p. 197)	4,472,192.63
Total expenditures, July 1, 1901, to June 30, 1902 (p. 200)	3,113,723.77

Balance in the hands of the treasurer at close of business June 30, 1902	1,358,468.86
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which agrees with the balance as shown by the general ledgers of the auditor and treasurer, as follows:

To credit of insular revenues	\$314,600.40
To credit of trust funds	1,043,868.46
 Balance as above	 1,358,468.86

The above balance of \$1,358,468.86 is deposited as follows:

On deposit with the assistant treasurer United States at New York	1,009,925.43
On deposit with De Ford & Co., depositaries for insular revenues at San Juan, P. R.	163,387.69
On deposit with the American Colonial Bank, depositary for insular revenues, San Juan, P. R	185,155.74
 Balance as above	 1,358,468.86

INCREASE IN BALANCE OF INSULAR REVENUES.

Balance of insular revenues on hand at close of business June 30, 1902, as above shown	\$314,600.40
Balance of insular revenues on hand July 1, 1901, as shown in auditor's report for the fiscal year ending June 30, 1901 (p. 6), and by the gen- eral ledgers of the auditor and treasurer	74,631.41

Gain in available balance of insular revenues during the fiscal year ending June 30, 1902	239,968.99
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The above gain in insular revenues of \$239,968.99 during the past fiscal year, increasing the available balance of insular revenues on hand July 1, 1902, to \$314,600.40, as against \$74,631.41, the balance of insular revenues in the treasury on July 1, 1901, shows the insular taxes and revenues for the past fiscal year have been well and closely collected and the expenditures kept within reasonable and moderate bounds.

The expenditures herein stated as advances to disbursing officers on accountable warrants represent the total amounts advanced, from which repayments must be deducted to ascertain the net disbursements.

Total advanced from insular revenues from July 1, 1901, to June 30, 1902	\$1,907,314.03
Deduct repayments to insular revenues during the same period	31,273.86
 Balance	 1,876,040.17
Add payments on settlements from insular revenues	292,128.37
 Net expenditures from insular revenues	 \$2,168,168.54
Total amount advanced from trust funds from July 1, 1901, to June 30, 1902	486,504.73
Deduct repayment to trust funds	9,989.79
 Balance	 476,514.94
Add payments on settlements from trust funds	427,776.64
 Net expenditures from trust funds	 904,291.58
Total net expenditures July 1, 1901, to June 30, 1902	3,072,460.12

Some balances in the hands of disbursing officers on June 30, 1902, will be turned in at a later date, which will to that extent diminish the amount of expenditures as above shown, and some disbursements from appropriations pertaining to the fiscal year ending June 30, 1902, will necessarily be made, subsequent to June 30, 1902, on account of incompletely contracts properly made within the fiscal year ending on said date, which will, on the other hand, increase the volume of expenditures.

The results stated in this report are limited to transactions occurring within the period from July 1, 1901, to June 30, 1902.

A report of audited disbursements for the fiscal year ending June 30, 1902, can not be made until the accounts for the month of June, 1902—not yet received—shall have been received and completely audited, and likewise all supplemental accounts pertaining to appropriations for said fiscal year.

INCREASE IN BALANCE OF TRUST FUNDS.

Balance of trust funds on hand at close of business June 30, 1902, as shown on page —	\$1,043,868.46
Balance of trust funds on hand July 1, 1901, as shown by auditor's report for the fiscal year ending June 30, 1901 (p. 6), and the general ledgers of the auditor and treasurer.....	489,019.13
Gain in balance of trust funds during the fiscal year ending June 30, 1902.....	554,849.33

The above balance of trust funds, amounting to \$1,043,868.46, is made up as follows, as shown in detail in the "statement of trust funds, showing the balances on hand July 1, 1902," which is herewith submitted (Appendix No. 1).

I. Allotments.

Balances of trust-fund appropriations, arising from remittances by the Secretary of the Treasury to the treasurer of Porto Rico, on account of allotments by the President (acts of Congress, approved March 24, 1900, and April 12, 1900), "for public education, public works, and other governmental and public purposes" in Porto Rico.....	\$1,007,570.13
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II. From various sources.

Balances of sundry trust-fund receipts, deposited with the treasurer, as trust-fund appropriations, to be drawn upon for the purposes indicated in the detailed statement herewith (Appendix No. 1)....	14,521.18
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III. Individual deposits.

Sundry deposits by individuals in trust for various purposes, as set forth in the detailed statement herewith (Appendix No. 1).....	21,777.15
Balance of trust funds, as above	1,043,868.46

Cash assets of the insular government.

Balance in insular treasury at close of business, June 30, 1902, as before shown:	
Insular revenues	\$314,600.40
Trust funds	1,043,868.46
Total balance in insular treasury	\$1,358,468.86

Balance in Treasury of the United States.

Moneys in the Treasury of the United States, appropriated by Congress for the benefit of the government of Porto Rico and its people, being revenues collected in United States on importations from Porto Rico (acts March 24, 1900, and April 12, 1900):

1. Balance of amount appropriated by act of March 24, 1900, not yet allotted by the President, as shown by last report from Treasury Depart- ment	\$397,902.55
2. Balance of amount appropriated by act of April 12, 1900, allotted by the President, but not yet deposited with the assistant treasurer at New York to the credit of the treasurer of Porto Rico, as per last report from the Treasury Department	33,225.69
Total balance in United States Treasury	431,128.24

Total cash assets of insular government July 1, 1902	1,789,597.10
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The balance in the United States Treasury, as shown by last reports therefrom, as above stated, is liable to some increase in amount: (1) By repayments by military disbursing officers of unexpended balances of amounts advanced to them for disbursement for the benefit of Porto Rico on allotments by the President from the appropriation made by the act of Congress approved March 24, 1900, which will augment the unallotted balance of \$397,902.55, as above stated; (2) also by sundry customs receipts from May 1, 1900, to July 25, 1901, appropriated by the act of Congress approved April 12, 1900, for collections on unliquidated customs entries prior to July 25, 1901, but collected and deposited subsequent to that date, which will increase the allotted balance of \$33,225.69, as stated above.

Transactions of the printing and supply division connected with the auditor's office from July 1, 1901, to June 30, 1902.

DR.

To value of stock and fixtures, including plant, cases, type, desk, and ladders for printing and supply division, as per report for fiscal year ending June 30, 1901, page 13	\$1,679.05
To value of stock on hand of paper, envelopes, stationery, and stationery supplies, July 1, 1901, as per report for fiscal year ending June 30, 1901, page 13	8,328.48
Actual value of plant and stock, July 1, 1901.....	\$10,007.53

Type and miscellaneous printing supplies:

To amount paid for new stock of type and printing supplies	\$317.87
To amount paid for ink	189.37
To recasting rollers	5.95
To amount paid for electric motor	200.00

_____ \$713.19

Printing office supplies:

To amount paid for paper for printing office	5,163.61
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Stationery and office supplies:

To amount paid for stationery and office supplies for issue to the several departments and bureaus of the insular government	3,938.48
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Salaries:

To salaries of printers from July 1, 1901, to June 30, 1902	2,559.56
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Incidental expenses:

To sundry incidental expenses of printing office from July 1, 1901, to June 30, 1902, including transient hire of man to run press	378.04
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Total 22,760.41

Cr.

By amounts deposited with the treasurer of Porto Rico to credit of miscellaneous receipts on account of sundry sales for printing and supply division:

For sale of old boxes	12.30
For sale of old pipe	5.00

_____ 17.30

By amount of printing completed and delivered and stationery furnished upon requisition to the several departments, charged up at actual cost of work and actual cost of supplies.

10,359.71

By value of the stock of paper, envelopes, and ink on hand in printing office June 30, 1902, as per inventory

4,683.88

By value of stationery supplies on hand in printing and supply division June 30, 1902, as per inventory

6,484.65

11,168.53

By present worth of printing plant

1,679.05

By new stock type purchased

317.87

By motor purchased for power purposes

200.00

2,196.92

Total credits 23,742.46

Less expenditures as herein charged 22,760.41

Net gain from July 1, 1901, to June 30, 1902 982.05

Requisitions for printing received from July 1, 1901, to June 30, 1902 554

Requisitions for printing completed and delivered during said fiscal year 523

Requisitions for stationery received, filled, and delivered during said fiscal year 481

Summary of work performed in the auditor's office from July 1, 1901, to June 30, 1902.

Accounts and claims audited, certified, and posted in personal ledgers 3,371

Copies of auditor's certificates on audited accounts and claims transmitted to the governor 3,371

Treasurer's receipts entered, posted, and countersigned 4,782

Requisitions for advances of money to disbursing officers examined, registered, and certified to the governor 549

Accountable warrants issued, registered, and posted	549
Settlement requisitions prepared, posted, registered, and certified to the governor.....	2,010
Settlement warrants issued, registered, and posted.....	2,010
Transfer warrants issued, registered, and posted.....	102
Appropriation warrants issued, registered, and posted.....	45
Official letters prepared, signed, and transmitted	9,803
Letters, accounts, requisitions, and miscellaneous documents and papers received, registered, and referred to the proper divisions of the office	6,864
Official bonds examined, registered, and certified to the treasurer	87
Receipts for internal-revenue stamps issued by the treasurer received, registered, credited to the treasurer's internal-revenue stamp account, and filed.....	824
Petitions of various parties in United States Court of Claims for refund of customs duties paid in Porto Rico between April 11, 1899, and May 1, 1900, verified as to items by comparison with original customs accounts on file and certified to the Secretary of the Treasury, aggregating in amount \$519,445.25	113
Certificates issued to sundry individuals in Porto Rico as to customs duties paid between April 11, 1899, and May 1, 1900, aggregating in amount \$25,077.68	28
Cases prepared for suit	1
Cases prepared for demand on surety company.....	8

Force of auditor's office during the fiscal year ending June 30, 1902: Auditor, assistant auditor, 18 clerks, 1 messenger, 1 janitor.

Force of printing office: Two printers and 1 printer's assistant.

My grateful acknowledgments are due, and are hereby made, for the valuable and efficient service rendered by the assistant auditor, and for the faithful and satisfactory discharge of their official duties by the clerks of this office.

Respectfully submitted.

J. R. GARRISON,
Auditor of Porto Rico.

APPENDIX No. 1.

Statement of trust funds, showing the balances on hand July 1, 1902.

TRUST FUND APPROPRIATIONS.

I. ALLOTMENTS.

July 1, 1902:

Allotment from appropriation of revenues collected on importations from Porto Rico, acts of March 24, 1900, and April 12, 1900, public and permanent improvements, etc.....	\$585,573.38
Construction and repair of country roads in Porto Rico.....	304,233.06
School extension in Porto Rico.....	92,018.53
Insular normal school	21,000.00
Refund of customs duties, by contractors, on material used in contracts	4,745.16
Total appropriations from allotments	\$1,007,570.13

II. FROM VARIOUS SOURCES.

July 1, 1902:

Proceeds of sales of relief supplies	\$7,672.56
Insurance receipts from model and training school	6,820.58
Municipal tax on property	6,337.74
Maintenance of insular telegraph service	5,825.31
Teachers' pension fund	1,882.08
Harbor improvements	844.38
Licenses, fines, and patent medicines, superior board of health	76.00
Fees for examinations, superior board of health	20.96
	<hr/>
Total appropriation from various sources	\$29,479.61
	<hr/>
Total trust fund appropriations	1,037,049.74
Deducting amount appropriated for maintenance of insular telegraph service	14,958.43
	<hr/>
Total trust fund appropriations deposited, as per auditor's ledger	1,022,091.31

STATEMENT OF ITEMS COMPOSING THE BALANCE OF TRUST FUNDS ON HAND JULY 1,
1902, ARISING FROM INDIVIDUAL DEPOSITS.

III. INDIVIDUAL DEPOSITS AS TRUST FUNDS.

Date.	Name of depositor and character of deposit.	Amount.
Sept. 28, 1898	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 219, Sept. 28, 1898)	\$5.52
Dec. 29, 1898	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 191, Dec. 29, 1898)	61.37
Mar. 27, 1899	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 156, Mar. 27, 1899)	64.33
June 28, 1899	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 145, June 28, 1899)	91.35
Dec. 6, 1899	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Mayaguez; (part of treasurer's receipt 839, Dec. 6, 1899)	36.88
Jan. 16, 1900	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with the treasurer of Porto Rico, through collector of internal revenue at Mayaguez (part of treasurer's receipt 1325, Jan. 16, 1900)	121.94
Mar. 8, 1900	Joaquin Servera Silva: Payment on bond as register of deeds; deposits with treasurer of Porto Rico, through collector of internal revenue at Mayaguez (parts of treasurer's receipts 1835, Mar. 8, 1900, and 2184, Apr. 10, 1900)	134.07
July 2, 1900	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Mayaguez (treasurer's receipt 193, July 2, 1900)	147.00
Sept. 29, 1900	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Mayaguez (part of treasurer's receipt 724, Sept. 29, 1900)	110.00
Jan. 22, 1901	Joaquin Servera Silva: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Mayaguez (part of treasurer's receipt 1229, Jan. 22, 1901)	127.54
Dec. 27, 1898	Jose Marcial Lopez: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 59, Dec. 27, 1898)	52.88
Mar. 28, 1899	Jose Marcial Lopez: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 66, Mar. 28, 1899)	129.00
June 28, 1899	Jose Marcial Lopez: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 125, June 28, 1899)	291.00
Dec. 28, 1898	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 64, Dec. 28, 1898)	54.00
May 27, 1899	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with the late central treasury (carta de pago 53, Mar. 27, 1899)	120.00
June 27, 1899	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 118, June 27, 1899)	120.00
Sept. 29, 1899	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with treasurer of Porto Rico (treasurer's receipt 453, Sept. 29, 1899)	90.00
Dec. 28, 1899	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with treasurer of Porto Rico (treasurer's receipt 1021, Dec. 28, 1899)	96.00
*Mar. 29, 1900	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with treasurer of Porto Rico (treasurer's receipt 2049, Mar. 29, 1900)	60.00
June 28, 1900	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with the treasurer of Porto Rico (treasurer's receipt 153, June 28, 1900)	72.00

STATEMENT OF ITEMS COMPOSING THE BALANCE OF TRUST FUNDS, ETC.—Continued.

III. INDIVIDUAL DEPOSITS AS TRUST FUNDS—continued.

Date.	Name of depositor and character of deposit.	Amount.
Sept. 29, 1900	Jose Benedicto Geigel: Payment on bond as register of deeds; deposit with treasurer of Porto Rico (treasurer's receipt 712, Sept. 29, 1900).....	\$60.00
Apr. 18, 1899	Jacinto Texidor: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 197, Apr. 18, 1899).....	144.16
July 10, 1899	Jacinto Texidor: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Guayanilla (treasurer's receipt 17, July 10, 1899).....	150.11
Sept. 23, 1899	Jacinto Texidor: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Guayanilla (part of treasurer's receipt 427, Sept. 23, 1899).....	155.97
June 3, 1899	Severo Abella Baston: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 136, June 3, 1899).....	9.75
Do.....	Severo Abella Baston: Payment on bond as register of deeds; deposit with late central treasury (carta de pago 146, June 3, 1899).....	.12
Aug. 10, 1900	Severo Abella Baston: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Caguas (treasurer's receipt 433, Aug. 10, 1900).....	440.15
Oct. 19, 1899	Rafael Gonzalez: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Caguas (treasurer's receipt 561, Oct. 19, 1899).....	30.24
Nov. 9, 1899	Jose Tore Rios: Payment on bond as register of deeds; deposit with treasurer of Porto Rico, through collector of internal revenue at Humacao (part of treasurer's receipt 713, Nov. 9, 1899).....	66.00
Nov. 25, 1898	Lorenzo Santiago: Deposit on account of concession for use of public waters in Coamo; deposit with late central treasury (carta de pago 20, Nov. 25, 1898).....	32.85
Dec. 7, 1898	Esteban Arrese: Deposit as discount on pension of Mrs. Carmen Power in favor of Esteban Arrese; deposit with late central treasury (carta de pago 9, Dec. 7, 1898).....	2.28
Do.....	Guillermo Korber: Deposit as part payment on concession, use of 4,000 liters of water per second; deposit with late central treasury (carta de pago 11, Dec. 7, 1898).....	12.68
Dec. 30, 1898	Pedro Santisteban y Chavarri: Deposit to cover expenses of demarcation of 57 mineral claims; deposit with late central treasury (carta de pago 71, Dec. 30, 1898).....	69.96
Jan. 20, 1899	M. J. E. Tinapio: Deposit as discount on pension of Mrs. Aurora Garcia Liano in favor of M. J. E. Tinapio; deposit with late central treasury (carta de pago 19, Jan. 20, 1899).....	1.06
Apr. 24, 1899	Juan Tinajero: Deposit as discount on pension of Mrs. Genaro Sevilla in favor of Juan Tinajero; deposit with late central treasury (carta de pago 211, Apr. 24, 1899).....	.16
Apr. 14, 1899	Argueso & Miner: Deposit as grantee of mines "Ernestina," "Santa Teresa," and "Amalia;" deposit with late central treasury (carta de pago 118, Apr. 14, 1899).....	158.40
May 3, 1899	Argueso & Miner: Deposit in payment of 1 per cent on calculated expenses of utilizing water from Hlacos River; deposit with late central treasury (carta de pago 4, May 3, 1899).....	9.00
Apr. 25, 1899	Juan Amill: Deposit in payment of 1 per cent for works for the use of water at Yauco River; deposit with late central treasury (carta de pago 212, Apr. 25, 1899).....	4.34
Apr. 29, 1899	A. L. Arpin: Deposit to cover expenses of concession of water from Rio Grande Arecibo; deposit with late central treasury (carta de pago 220, Apr. 29, 1899).....	13.59
Do.....	A. L. Arpin & Co.: Deposit to cover expenses of concession of water from Rio Grande and Blanco River, Loiza and Naguabo; deposit with late central treasury (carta de pago 227, Apr. 29, 1899).....	15.35
May 31, 1899	Alberto S. Stevens: Deposit to cover expenses of demarcation of 10 mineral claims; deposit with the late central treasury (carta de pago 132, May 31, 1899).....	36.00
June 28, 1899	Aneceto Diaz: Deposit of 1 per cent on calculated expenses for utilizing 5,000 liters of water, Culebra River; deposit with the late central treasury (carta de pago 127, June 28, 1899).....	8.47
Jan. 31, 1900	Jose Monserrat y Simo, Domingo Luina, and Antonio Luina: Deposit as bail in suit against Alfonzo Padilla et al.; amount deposited with treasurer of Porto Rico, through collector of internal revenue at Arecibo (part of treasurer's receipt 1543, Jan. 31, 1900).....	181.31
Feb. 17, 1900	The Porto American Co. of New York and Porto Rico: Deposit of one-half of 1 per cent of \$2,150 on application to public works for water power; deposit with treasurer of Porto Rico by E. Lugovini (treasurer's receipt 1724, Feb. 17, 1900).....	10.78
May 15, 1900	Felix Arzola: Amount deposited by order of the tribunal at Ponce, with collector of internal revenue at Ponce, on account of suit against Felix Arzola; deposit with treasurer of Porto Rico, through collector of internal revenue at Ponce (part of treasurer's receipt 8, May 15, 1900).....	36.00
June 6, 1900	Avelino Gutierrez Baez: Amount deposited by order of the tribunal at Ponce, with collector of internal revenue at Ponce, on account of suit against Avelino Gutierrez Baez; deposit with the treasurer of Porto Rico, through collector of internal revenue at Ponce (treasurer's receipt 75, June 6, 1900).....	4.44

STATEMENT OF ITEMS COMPOSING THE BALANCE OF TRUST FUNDS, ETC.—Continued,

III. INDIVIDUAL DEPOSITS AS TRUST FUNDS—continued.

Date.	Name of depositor and character of deposit.	Amount.
Jan. 15, 1901	Ramon Valdes y Cobean: Deposit as guaranty, Comerio water-right franchise; deposit with the treasurer of Porto Rico (treasurer's receipt 1289, Jan. 15, 1901).....	\$10,000.00
Apr. 26, 1901	Suc. de Felix Echevarria: Judicial deposit by order of the district court at Mayaguez, on account of inheritance in favor of Suc. de Felix Echevarria; deposit with the treasurer of Porto Rico, through collector of internal revenue at Mayaguez (part of treasurer's receipt 1920, Apr. 26, 1901).....	285.00
Apr. 27, 1901	W. H. S. Lothrop: Deposit as guaranty for electric railroad franchise; Ponce to Ponce Playa; deposit with the treasurer of Porto Rico (treasurer's receipt 1932, Apr. 27, 1901).....	5,000.00
Jan. 31, 1902	Miguel Planellias: Payment on bond as register of deeds; deposit with the treasurer of Porto Rico, through collector of internal revenue at Guayama, P. R. (treasurer's receipt 5280, Jan. 31, 1902).....	93.04
Mar. 31, 1902	Miguel Planellias: Payment on bond as register of deeds; deposit with the treasurer of Porto Rico, through the collector of internal revenue at Guayama, P. R. (treasurer's receipt 6117, Mar. 31, 1902).....	160.85
Nov. 22, 1901	Miguel Porrata Doria: Deposit to cover expenses of demarcation of mine "Maria Josefina;" deposit with the treasurer of Porto Rico (treasurer's receipt 4321, Nov. 22, 1901).....	51.60
Feb. 15, 1902	Miguel Porrata Doria: Deposit to cover expenses of demarcation of mine "Maria Josefina;" deposit with the treasurer of Porto Rico (treasurer's receipt 5450, Feb. 15, 1902).....	20.40
July 24, 1901	Martin Colon: Deposit as guaranty for food contract, Ponce jail; deposit with the treasurer of Porto Rico (treasurer's receipt 2763, July 24, 1901).....	300.00
Do.....	Eduardo Hacha: Deposit as guaranty for food contract, penitentiary and San Juan jail; deposit with the treasurer of Porto Rico (treasurer's receipt 2764, July 24, 1901).....	600.00
Aug. 31, 1901	Mariano Artau: Deposit as bail bond for Alberto Maldonado Morales; deposit with the treasurer of Porto Rico, through the collector of internal revenue at Ponce, P. R. (treasurer's receipt 3291, Aug. 31, 1901).....	36.00
Nov. 14, 1901	E. Gonzalez Rodriguez: Deposit to cover expenses for demarcation of mine "Santa Cruz and San Joaquin;" deposit with the treasurer of Porto Rico (treasurer's receipt 4232, Nov. 14, 1901).....	36.00
Feb. 17, 1902	E. Gonzalez Rodriguez: Deposit to cover expenses for demarcation of mine "Santa Clara and San Joaquin;" deposit with the treasurer of Porto Rico (treasurer's receipt 5465, Feb. 17, 1902).....	15.00
Oct. 3, 1901	Henry D. Sayre: Deposit to cover expenses for demarcation of mine "O'Reilly;" deposit with the treasurer of Porto Rico (part of treasurer's receipt 3700, Oct. 3, 1901).....	51.60
Do.....	Henry D. Sayre: Deposit to cover expenses for demarcation of mine "Sayre;" deposit with the treasurer of Porto Rico (part of treasurer's receipt 3700, Oct. 3, 1901).....	38.40
Nov. 11, 1901	Henry D. Sayre: Deposit to cover expenses for demarcation of mine "Anaconda No. 2;" deposit with the treasurer of Porto Rico (treasurer's receipt 4205, Nov. 11, 1901).....	69.60
Mar. 6, 1902	Henry D. Sayre: Deposit to cover expenses of demarcation of mine "Anaconda No. 2;" deposit with the treasurer of Porto Rico (treasurer's receipt 5790, Mar. 6, 1902).....	17.40
Dec. 24, 1901	Ramon Falcon, secretary, district court of San Juan: Deposit as bail bond for Teodomiro Ramirez; deposit with the treasurer of Porto Rico, through the collector of internal revenue at San Juan (treasurer's receipt 4728, Dec. 24, 1901).....	500.00
Mar. 6, 1902	Manuel Gandia Montalvo Colberg: Deposit as guaranty ordered by district court at Mayaguez; deposit with the treasurer of Porto Rico, through collector of internal revenue at Mayaguez (treasurer's receipt 5791, Mar. 6, 1902).....	540.00
Mar. 26, 1902	Pedro Chiesa and Celestina Sola: Deposit of proceeds of sale of confiscated rum pending the decision of the Supreme Court; deposit with the treasurer of Porto Rico, through collector of internal revenue at Caguas (treasurer's receipt 6051, Mar. 26, 1902).....	47.70
Apr. 16, 1902	Josef Zervas: Deposit to cover expenses of demarcation of mine "Augusta;" deposit with the treasurer of Porto Rico (treasurer's receipt 6344, Apr. 16, 1902).....	50.40
June 30, 1902	Miguel Planellias: Payment on bond as register of deeds; deposit with the treasurer of Porto Rico, through collector of internal revenue at Guayama, P. R. (treasurer's receipt 7247, June 30, 1902).....	226.11
	Total.....	21,777.15

RECAPITULATION.

Total trust-fund appropriations deposited.....	\$1,022,091.31
Total individual deposits as trust funds	21,777.15
Total trust-fund balance on hand July 1, 1902, as per auditor's ledger	1,043,868.46

REPORT OF THE GOVERNOR OF PORTO RICO.

209

APPENDIX No. 2.

Digest of appropriations made by the legislative assembly of Porto Rico at its second session, terminating March 1, 1902.

[Prepared in the office of the auditor of Porto Rico.]

Date of appropriation act.	Laws of Porto Rico, second session legislative assembly, page—	Title of appropriation.	Amount.			
			Items.	Total.		
DEFICIENCIES.						
<i>Appropriated for deficiencies for service of fiscal year 1901-2 and prior years.</i>						
1902.						
Jan. 20	53	Salaries, executive council	\$1,160.00			
Mar. 1	32	Extra compensation for engrossing and enrolling clerks, executive council.....	500.00			
Jan. 17	54	Salaries, house of delegates	\$1,320.00			
Mar. 1	33	.....do.....	160.00		
Do..	33	Extra compensation for engrossing and enrolling clerks, house of delegates	1,480.00			
Do..	33	Salaries, insular police.....	500.00			
Do..	33	Salaries, office of the attorney-general.....	11,000.00			
Do..	34	Contingent expenses, office of the attorney-general.....	2,405.56			
Do..	34	Contingent expenses, supreme court of Porto Rico.....	500.00			
Do..	34	Salaries, district court of San Juan	100.00			
Do..	34	Contingent expenses, district court of San Juan	496.60			
Do..	34	Contingent expenses, district court of Arecibo	350.00			
Do..	35	Fees of witnesses, insular courts, 1901-2 and prior years.....	100.00			
Do..	35	Miscellaneous items, insular courts, 1901-2 and prior years.....	2,000.00			
Do..	35	Fees of jurors and incidental expenses of jury procedure.....	5,036.00			
Do..	35	Salaries, office of the treasurer.....	5,000.00			
Do..	78	Salaries, internal-revenue agents.....	36.29			
Do..	36	Contingent expenses, internal-revenue agents	\$3,600.00			
Do..	78	.....do.....	5,960.00		
Do..	35	Commissions, internal-revenue stamp agents.....	9,560.00			
Do..	36	Salaries, superior board of health.....	7,500.00			
Do..	36	Contingent expenses, superior board of health.....	1,037.50			
Do..	36	Maintenance and repair of public buildings.....	500.00			
Do..	37	Maintenance of insular telegraph service (trust fund)	1,800.00			
Do..	38	Contingent expenses, English supervisors of schools	14,958.43			
Do..	40	Salaries, printing and supply division	4,000.00			
Do..	40	Fees and mileage of witnesses, United States district court for Porto Rico	16.32			
Do..	40	Fees and mileage of jurors, United States district court for Porto Rico	500.00			
Do..	40	.....do.....	500.00		
<i>Deficiencies in miscellaneous appropriations, and for payment of miscellaneous claims prior to July 1, 1902.</i>						
Mar. 1	37	Building cells in the insane asylum	1,500.00			
Do..	37	General average, board of public works, 1899-1900	306.67			
Do..	38	Reimbursement of the municipality of Fajardo, for interest paid on loan prior to July 1, 1901.....	2,925.00			
Do..	38	Publication of Teachers' Manual, 1899-1900.....	1,536.69			
Do..	38	Commission to compile and revise the laws of Porto Rico	104.90			
Do..	39	Porto Rican code commission	134.25			
Do..	39	Representation of Porto Rico at Pan-American Exposition, Buffalo, N. Y.	408.90			
Total deficiency appropriation for fiscal year 1901-2 and prior years.....						
		.....do.....	6,916.41		
APPROPRIATIONS FOR SERVICE OF FISCAL YEAR 1902-3.						
LEGISLATIVE.						
<i>Executive council.</i>						
Mar. 1	1	Salaries	25,860.00			
Do..	2	Contingent expenses	5,000.00			
Do..	2	Printing and publication of laws	30,860.00			
Do..	2	Expenses of election in Porto Rico	3,000.00			
		.....do.....	30,000.00		

Digest of appropriations made by the legislative assembly of Porto Rico, etc.—Continued.

Date of appropriation act.	Laws of Porto Rico, second session legislative assembly, page—	Title of appropriation.	Amount.	
			Items.	Total.
		APPROPRIATIONS FOR SERVICE OF FISCAL YEAR 1902-3—Continued.		
		LEGISLATIVE—continued.		
		<i>House of delegates.</i>		
1902. Mar. 1 Do..	2 3	Salaries Contingent expenses	\$18,875.00 5,200.00	\$24,075.00
		Total legislative appropriations		87,935.00
		EXECUTIVE.		
		<i>Office of the governor.</i>		
Mar. 1 Do..	3 3	Salaries Contingent expenses	11,840.00 1,500.00	13,340.00
Do.. Do..	3 4	Insular police: Salaries Contingent expenses	278,000.00 12,800.00	290,800.00
		<i>Office of the secretary of Porto Rico.</i>		
Mar. 1 Do..	4 5	Salaries Contingent expenses	29,040.00 3,000.00	32,040.00
		<i>Office of the attorney-general.</i>		
Mar. 1 Do..	5 5	Salaries Contingent expenses	23,720.00 2,150.00	25,870.00
		Insular prisons:		
Do.. Do..	5 6	Office of the director— Salaries Contingent expenses	\$5,160.00 1,800.00	6,960.00
Do.. Do..	6 6	Penitentiary— Salaries Contingent expenses	\$10,128.00 51,381.00	61,509.00
Do.. Do..	7 7	San Juan jail— Salaries Contingent expenses	\$3,436.00 13,601.30	17,037.30
Do.. Do..	7 7	Ponce jail— Salaries Contingent expenses	\$2,196.00 8,187.50	10,383.50
Do.. Do..	8 8	Mayaguez jail— Salaries Contingent expenses	\$2,136.00 7,030.00	9,166.00
Do.. Do..	8 8	Humacao jail— Salaries Contingent expenses	\$2,016.00 4,927.00	6,943.00
Do.. Do..	9 9	Arecibo jail— Salaries Contingent expenses	\$630.00 1,598.00	2,228.00
		<i>Office of the treasurer.</i>		
Mar. 1 Do..	9 10	Salaries Contingent expenses	84,440.00 36,440.00	120,880.00
Do.. Do..	11 11	Collectors and deputy collectors of internal revenue: Salaries Contingent expenses	53,760.00 12,060.00	65,820.00
		<i>Office of the auditor.</i>		
Mar. 1 Do..	12 13	Salaries Contingent expenses	32,860.00 1,000.00	33,860.00
Do.. Do..	13 13	Printing and supply division: Salaries Contingent expenses	2,680.00 12,000.00	14,680.00

Digest of appropriations made by the legislative assembly of Porto Rico, etc.—Continued.

Date of appropriation act.	Laws of Porto Rico, second session legislative assembly, page	Title of appropriation.	Amount.	
			Items.	Total.
		APPROPRIATIONS FOR SERVICE OF FISCAL YEAR 1902-3—Continued.		
		EXECUTIVE—continued.		
		<i>Department of the interior.</i>		
1902. Mar. 1	13	Office of the commissioner:		
Do..	14	Salaries.....	\$22,420.00	
		Contingent expenses.....	2,000.00	
				\$24,420.00
Do..	14	Bureau of public works:		
Do..	15	Salaries.....	\$172,280.00	
		Contingent expenses.....	7,700.00	
				179,980.00
Do..	15	Maintenance and repair of roads.....	93,200.00	
Do..	15	Maintenance and repair of public buildings.....	40,000.00	
Do..	15	Expenses, executive mansion.....	12,500.00	
				325,680.00
Do..	84	Superior board of health:		
Do..	16	Salaries.....	\$2,400.00	
		Salaries.....	20,020.00	
				22,420.00
Do..	16	Contingent expenses.....		
				7,548.00
				29,968.00
Do..	17	Bureau of insular telegraph:		
Do..	17	Salaries.....	\$37,240.00	
		Contingent expenses.....	4,350.00	
				41,590.00
		<i>Department of education.</i>		
Mar. 1	18	Office of the commissioner:		
Do..	18	Salaries.....	\$22,980.00	
		Contingent expenses.....	3,000.00	
				25,980.00
Do..	18	Public schools:		
		Text-books and school supplies.....		
Do..	18	Common schools—		
Do..	18	Salaries.....	\$370,000.00	
Do..	19	Contingent expenses.....	20,000.00	
				390,000.00
Do..	19	Supervisors of schools—		
Do..	19	Salaries.....	\$25,500.00	
		Contingent expenses.....	12,000.00	
				37,500.00
Do..	19	Teachers' institutes and summer normal schools—		
Do..	19	Salaries.....	\$3,500.00	
		Contingent expenses.....	1,000.00	
				4,500.00
Do..	19	High and graded schools—		
Do..	20	Salaries.....	\$28,125.00	
		Contingent expenses.....	2,500.00	
				30,625.00
Do..	20	Normal school—		
Do..	20	Salaries.....	\$11,720.00	
		Contingent expenses.....	1,500.00	
				13,220.00
		Miscellaneous:		
Do..	21	Free public library—		
Do..	21	Salaries.....	\$1,080.00	
		Contingent expenses.....	1,300.00	
				2,380.00
Do..	21	Library and museum, department of education—		
Do..	21	Instruction and training of young men from		
		Porto Rico in the United States.....		
Do..	21	Technical education of Porto Rican students in		
		the United States.....		
				5,000.00
				17,980.00
		<i>Insular charities.</i>		
Mar. 1	22	Office of the director:		
Do..	22	Salaries.....	\$8,980.00	
		Contingent expenses.....	700.00	
				9,680.00
Do..	22	Leper colony:		
Do..	22	Salaries.....	\$2,886.00	
		Contingent expenses.....	5,794.00	
				8,680.00

Digest of appropriations made by the legislative assembly of Porto Rico, etc.—Continued.

Date of appropriation act.	Laws of Porto Rico, second session legislative assembly, page—	Title of appropriation.	Amount.			
			Items.	Total.		
APPROPRIATIONS FOR SERVICE OF FISCAL YEAR 1902-3—Continued.						
EXECUTIVE—continued.						
<i>Insular charities—Continued.</i>						
1902.						
Mar. 1	23	Insane asylum:				
Do..	23	Salaries.....	\$11,984.00			
		Contingent expenses	18,373.20			
				\$30,357.20		
Do..	23	Girls' charity school:				
Do..	24	Salaries.....	\$8,280.00			
		Contingent expenses	15,652.60			
				23,932.60		
Do..	24	Boys' charity school:				
Do..	25	Salaries.....	\$18,394.00			
		Contingent expenses	22,113.20			
				40,507.20		
Feb. 25	48	Insular asylum for the indigent blind:				
Do..	48	Salaries.....	\$5,976.00			
		Contingent expenses	16,024.00			
				22,000.00		
		<i>Miscellaneous.</i>				
Mar. 1	25	Miscellaneous expenditures, subject to the approval of the governor.....				
				75,000.00		
Do..	25	Refund of duties and taxes improperly collected.....				
Do..	25	Pension to widow of Ramon Baldorioty de Castro.....				
				1,000.00		
				1,000.00		
				77,000.00		
		Total executive appropriations.....				
				1,897,136.80		
JUDICIAL.						
<i>United States district court for Porto Rico.</i>						
Mar. 1	26	Salaries.....	\$25,580.00			
Do..	26	Contingent expenses.....	4,700.00			
				30,280.00		
Do..	26	Fees and mileage of witnesses.....				
Do..	27			2,500.00		
Do..	27	Fees and mileage of jurors				
				3,500.00		
		Fees of United States commissioners.....				
				1,000.00		
				37,280.00		
<i>Insular courts of Porto Rico.</i>						
Mar. 1	27	Supreme court of Porto Rico:				
Do..	27	Salaries.....	\$36,620.00			
		Contingent expenses.....	820.00			
				37,440.00		
Do..	27	District court of San Juan:				
Do..	28	Salaries.....	\$22,080.00			
		Contingent expenses.....	795.00			
				22,875.00		
Do..	28	District court of Ponce:				
Do..	28	Salaries.....	\$16,860.00			
		Contingent expenses.....	2,470.00			
				19,330.00		
Do..	28	District court of Mayaguez:				
Do..	29	Salaries.....	\$16,860.00			
		Contingent expenses.....	2,320.00			
				19,180.00		
Do..	29	District court of Humacao:				
Do..	29	Salaries.....	\$16,660.00			
		Contingent expenses.....	3,940.00			
				20,600.00		
Do..	29	District court of Arecibo:				
Do..	30	Salaries.....	\$16,660.00			
		Contingent expenses.....	1,290.00			
				17,950.00		
Do..	30	Municipal courts:				
		Salaries.....				
Do..	30	Fees of witnesses.....				
Do..	30	Miscellaneous items.....				
Do..	31	Fees of jurors and incidental expenses of jury procedure				
				5,000.00		
				4,300.00		
				15,000.00		
		Total judicial appropriations				
				217,255.00		
		Total appropriations for service of the fiscal year 1902-3				
				2,202,326.80		

Digest of appropriations made by the legislative assembly of Porto Rico, etc.—Continued.

Date of appropriation act.	Laws of Porto Rico, second session legislative assembly, page—	Title of appropriation.	Amount.	
			Items.	Total.
MISCELLANEOUS APPROPRIATIONS, NO FISCAL YEAR.				
1902.				
Feb. 6	52	Publication of decisions, supreme court of Porto Rico and United States district court		\$5,000.00
Feb. 14	49	Representation of Porto Rico at the Louisiana Purchase Exposition, St. Louis, Mo.		20,000.00
Feb. 25	45	Alterations, improvements, equipment, and furnishing insular asylum for the indigent blind		5,000.00
Feb. 27	43	Purchase of land for use of United States Agricultural Experiment Station		15,000.00
Mar. 5	42	Topographic survey and map of Porto Rico, payable pursuant to direction of the governor		5,000.00
Mar. 1	36	Permanent repairs, executive mansion.....		7,000.00
Do..	55	Establishment and maintenance, schools for trained nurses: School at San Juan	\$1,000.00	
		School at Ponce	1,000.00	
		School at Mayaguez	1,000.00	
				3,000.00
		Total miscellaneous appropriations, no fiscal year.....		60,000.00
RECAPITULATION.				
		Total deficiency appropriations, fiscal year 1901-2 and prior years.....		82,953.11
		Total appropriations, fiscal year 1902-3		2,202,326.80
		Total appropriations, no fiscal year.....		60,000.00
		Total amount appropriated by the legislative assembly of Porto Rico at its second session.....		2,345,279.91

INDEFINITE APPROPRIATIONS AUTHORIZED BY LAW.

(a)	.....	Salaries, native members of executive council for period ending June 30, 1901: Indefinite appropriation warrant issued for amount paid pertaining to the fiscal year ending June 30, 1901		
1901.				\$13,876.29
Jan. 31	b 89	Payment to municipalities of proportionate share of excise taxes collected: Indefinite appropriation warrant issued for amount paid pertaining to the fiscal year ending June 30, 1901		111,651.37
Do..	b 21	Payment for lands condemned for cemetery purposes.....		(c)

^a Provided in budget promulgated by governor June 28, 1900.

^b First session.

^c No expenditures under this appropriation pertaining to the fiscal year ending June 30, 1901.

REPORT OF COMMISSIONER OF THE INTERIOR.

**DEPARTMENT OF THE INTERIOR OF PORTO RICO,
OFFICE OF THE COMMISSIONER,**

San Juan, June 14, 1902.

SIR: In compliance with your letter of May 17, requesting a report showing work done in the way of road construction and improvement, maintenance, and repair since May 1, 1901, in comparison with results attained in like periods of preceding years; also information concerning docks and harbors, public lands, agriculture, and mines, I have the honor to submit the following statement:

INSULAR HIGHWAYS.

In view of the fact that the end of the fiscal year is not yet reached, exact statistical information is not obtainable, particularly for the months of May and June, but the estimates for those months will not, I feel assured, vary appreciably from the true amounts.

MAINTENANCE OF ROADS.

The total number of kilometers of road now in maintenance is 424 (263 miles), of which 284 kilometers were built under Spanish domination and 140 since American occupation. In addition, 8 kilometers of new road between Cidra and Las Cruces are being temporarily maintained until the municipality is ready to take charge.

The present field force on maintenance consists of 16 overseers, 29 foremen, 156 section men, and 618 laborers, at an annual expenditure of \$136,000. The material required in repairing and maintaining the finished roads cost this year, approximately, \$120,000. The total for the year is therefore about \$256,000, 53 per cent of which is for labor and 47 per cent for material. The latter item will decrease annually hereafter for some time to come, as the roads are gradually put in order and replenished with stone, of which they have stood very much in need since before the war.

REPAIRS AND CONTRACTS.

There has been practically no new road work completed during the past year. That begun is incomplete and in progress. The principal work has consisted in finishing such as was left undone under previ-

GRADING FOR NEW ROAD BETWEEN UTUADO AND ADIUNTAS.



ous contracts, military and insular, and in repairing or reconstructing roads built before the war. They are as follows:

1. *Arecibo-Ponce road.*—The section of this road near Arecibo left incomplete after the close of the contract with the Central Contracting Company of New York was finished by day labor in about five months' time, at a cost of \$44,500. About 8 kilometers were then reconstructed and finished, 4 kilometers having previously been completed under the above-named contract on the most difficult portion of the line, at a cost of about \$79,000.

2. *Manati-Ciales road.*—A section of this road beginning 5 kilometers south of Manati, and previously begun under contract with the Central Contracting Company of New York, was also completed by day labor at a total cost of \$31,000. About 6 kilometers were graded and finished, 3 having previously been finished by the contractors, at a cost of about \$48,000, in which, however, was included the construction of a considerable number of concrete culverts and one large concrete bridge.

3. *Caguas-Humacao road.*—This road, 36.2 kilometers long, including the Playa section, was received from the military engineers in a very incomplete state after about \$242,000 had been expended in its construction. With an allotment from the trust fund, 20 kilometers, comprising the section between Gurabo and Humacao, was recently finished under contract at a cost of \$44,250. The remainder of the road, near Caguas and near Humacao Playa, is being finished by day labor.

4. *Arecibo-Ponce road.*—The construction of a section of this road, about 6 kilometers in length, in continuation of the 15-kilometer stretch already finished just north of Ponce, is in progress under a contract made last January. About three-fourths of the contract is now complete and it is expected that the whole will be finished in August.

5. *Arecibo-Ponce road.*—Another section of this road, 5 kilometers in length, situated between Utuado and Adjuntas, was let by contract in February last and work is now in progress. About two-thirds of the contract will be completed at the end of the fiscal year.

6. *Road between Pezuela Bridge and San German.*—With an allotment from the trust fund this section, 6½ kilometers long, of the main road between Mayaguez and Ponce was put in good order during February, March, and April, by day labor. The road was originally built by municipalities and had never been in charge of the public works. It was almost impassable before these repairs were made. This section is now temporarily under maintenance until it is decided whether the island or the municipalities are to take charge of it.

7. *Yabucoa-Maunabo road.*—The construction of this road over one of the worst trails on the island and connecting two important seaport

towns was let by contract in April and work is now in progress. The length of the road is 9.3 kilometers. About 10 per cent of the excavation will be done at the end of the fiscal year.

8. *San Sebastian-Lares road.*—A contract was made in May for the construction of this road, which is 14½ kilometers long. Work was begun in June.

9. *Road between Fajardo and Naguabo Playa.*—This road, which is 18 kilometers long, was constructed by the municipalities and was never in charge of the public works. It had become almost impassable in the course of time from neglect. It runs through a rich sugar region, for which it is the only outlet to the playas or shipping points. An order was issued in April to repair it by day labor. The work is now in progress and will probably be finished in July.

10. *Road between Yauco and Sabana Grande.*—This is a section of the Ponce-Mayaguez road, originally built by municipalities and heretofore in their charge. No attention has been given it, however, for many years, and the road became impassable except in dry weather, and even then a rough, hard way. The length of this section is 16 kilometers. An allotment was made last March from the trust fund for repairing the road and to place it in first-class condition. A contract has been let recently for the construction of new and the repairs of old bridges and culverts along the line and the work on them has been commenced. After these are finished the roadbed will be rebuilt by day labor.

11. *Morovis Branch road.*—Work on this road, which is about 12 kilometers long, had also been begun by the Central Contracting Company, of New York. Much of the grading had been done and several culverts constructed when the contract closed before the present fiscal year. About \$22,000 had been expended. Orders were given recently to finish as much of this branch road as could be done with funds available from the present budget by day labor. Grading and macadamizing has been in progress at both ends of the line since the beginning of April, and stone is being broken along the whole line. It is estimated that about 4 kilometers will be completed by July 1.

12. *San Lorenzo-Caguas road.*—Extensive repairs were made on this road, which is 9 kilometers long, during the preceding year. After the amount allotted for the work had been expended, the city council of San Lorenzo promised to complete what was still unfinished, but nothing having been done a gang of men has recently been put to work to make further repairs, which are being paid for from the regular budget appropriation.

13. *Camuy-Aguadilla road.*—This road was built by the municipalities adjoining it, but for lack of maintenance it has very much deteriorated. It forms an important link, 41 kilometers long, in the existing

line of communication between the capital and the western part of the island, especially as a post route, the service of which is often interrupted or delayed by its bad condition. With some funds drawn from the regular budget, several gangs of men have been put to work recently at the most needed points to ameliorate these conditions.

SURVEYS.

For all the above new work, as well as for extensive repairs on old roads, detailed surveys or examinations were first required before the necessary projects and estimates could be determined and the funds obtained for their construction. This accounts, in a manner, for the lateness in the season in which most of them were commenced.

Besides these surveys, which were absolutely necessary in connection with improvements that had been ordered, there were, however, numerous other surveys made all over the island for prospective improvements, principally in the interior along routes or trails that had never, or only partially, been surveyed. A few of these surveys had been begun shortly before the fiscal year commenced. All parties have completed the field work and projects have been made for 13 roads, leaving only four to be finished at the close of the fiscal year.

The total number of kilometers of roads and lines for new roads surveyed was 259, of which only 67 kilometers remain to be plotted and calculated to prepare estimates.

SPECIAL WORKS.

Of the important special work done during the year, there should be mentioned the following:

A large culvert, $5\frac{1}{2}$ -meter span, was constructed near Humacao in the place of one carried away by floods, and a wooden bridge of 4.25-meter span was rebuilt on the road between Yauco and Sabana Grande.

A high and extensive retaining wall is being constructed at a certain point of the road between Arecibo and Utuado, to form a better foundation for the roadbed along a high, rocky cliff. This portion of the road was carried away entirely by heavy floods shortly after it had been constructed by the military engineers. The wall will have reached about one-half of its final height at the close of the fiscal year.

With a special allotment made from the trust fund a stone and concrete bridge of $25\frac{1}{2}$ meters span was ordered to be built across the river Mavilla, on the new road between Toa Alta and Corozal. The work is being principally done by day labor under the supervision of the bureau of public works, and at the close of the fiscal year the foundations and portions of the side wall will be up and the false work for the arch erected.

Recapitulation.

	Kilometers.	Miles.
Roads in maintenance	424	or 363
New roads in construction	35.21	or 21.8
Roads commenced before the present fiscal year and now being finished	70.5	or 43.7
Reconstruction and repair of old roads in progress	89.20	or 55.3
Lines surveyed for proposed roads	259	or 160.5

I inclose for convenient reference a schedule, marked "A," relating to road construction and repair during this year, showing location, length of section, amount allotted, how constructed, contract price, and approximate date of completion. The construction and repair of the sections for which no allotment is shown were paid from the regular budget appropriation.

BUREAU OF AGRICULTURE AND MINES.

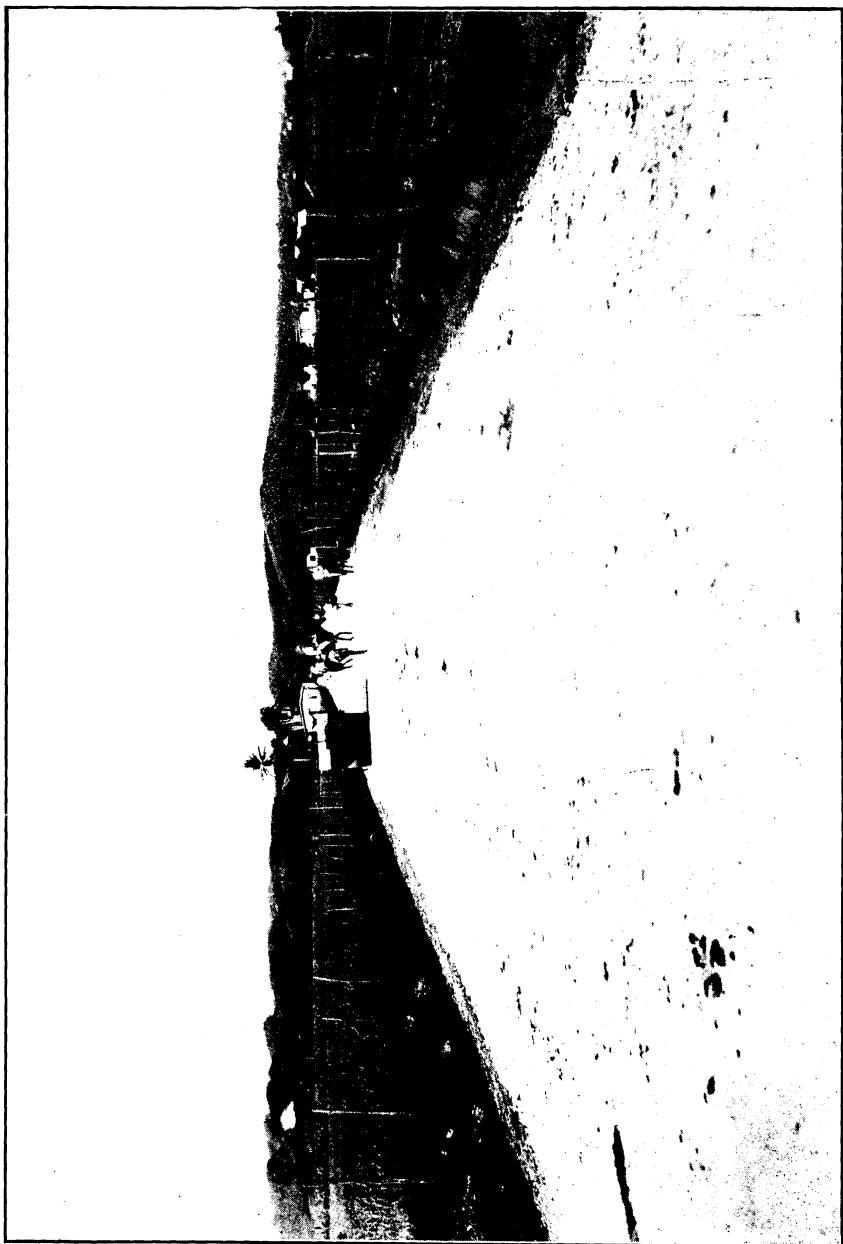
During this fiscal year, as in the past, and for want of means, the bureau of agriculture and mines has been unable to perform other work than to collect general information relative to crops and cultivation of the soil. A small appropriation in the budget for the next fiscal year will enable the chief of the bureau to visit various parts of the island for the purpose of establishing relations with the farmers and collecting facts and statistics. It is also proposed to publish an agricultural bulletin for free distribution. This bulletin will contain useful information obtained from local investigation or collected through other sources, particularly from publications issued by the Department of Agriculture of the United States. Full or condensed translations into Spanish of important articles containing practical hints or suggestions, and especially applicable to the soil and climate of Porto Rico, will be inserted in the bulletin. It is hoped to remove by this means the apprehension of many people that the cultivation of many things heretofore neglected would prove either barren or of unprofitable yield.

SUGAR PRODUCTION.

The estimated output of sugar during the past two years was, in 1900, 61,500 tons; in 1901, 95,850 tons, an increase for 1901 of 34,350 tons, more than 50 per cent over 1900.

The estimated area of lands planted to sugar cane June 1, 1900, was 82,672 acres, and June 1, 1901, 91,000, an increase of about 10 per cent. The product of three-quarters of the latter area will be ground during this year, and the yield of sugar is estimated at 105,000 tons, a little short of the output of 1884, 108,000 tons, which is recorded as the largest crop ever produced on the island.

The capacity of the mills to grind the present crop has been seriously questioned, and in some localities inability freely admitted,



ROLLING MACADAM NEAR ARECIBO.

making necessary the substitution of new and modern machinery for the worn and antiquated processes employed in most factories, and presenting tempting opportunities for the establishment of large centrals at certain points. Several such propositions are in various stages of development, and the prospects for the early completion of a number of well-equipped factories of large capacity in localities where the need is greatest is quite encouraging. With ample facilities for handling the product, it would be perfectly safe to predict for the very near future at least double the present output of sugar.

COFFEE RESTORATION.

The area of coffee lands planted at the beginning of the year 1899 was about 180,000 acres, with an annual average yield of 26,380 tons of marketable coffee. The hurricane of August 8, 1899, destroyed a large part of the coffee trees, the yield that year being reduced to 6,700 tons. The present area, including all groves that have been restored to any degree of bearing condition, is estimated at 166,000 acres, the normal average yield of which should be 24,230 tons. The work of cleaning the plantations and repairing the injuries inflicted by the hurricane progressed slowly at first because of the financial distress of the landowners; hence the crop for the year 1900 amounted to only about 9,200 tons. But the heavy yield on restored plantations in 1901, and which is estimated at two-thirds of the normal crop, has encouraged the planters to renewed efforts. As a result, many groves practically abandoned since the hurricane are being cleaned up, trimmed, and put in good shape; even some new groves, notwithstanding the present low price of coffee, are being planted. Under favoring weather conditions a crop not far from normal may be expected this year.

TOBACCO INDUSTRY.

The tobacco area, which was considerably reduced in 1899 and 1900 because of prevailing low prices, was largely increased in 1901 in anticipation of the removal of the tariff. The estimated crop for last year was 4,000 tons. With free trade came a heavy and increasing demand from the States for Porto Rican cigars. Local manufacturers were overwhelmed with orders, and cigar makers, whether good, bad, or indifferent, had not to hunt for employment. Millions of cigars have been shipped to the States, and inquiries show that the demand continues active and urgent. The price of leaf tobacco has naturally advanced, and, just as naturally the area planted to tobacco has been largely augmented, extending into districts where tobacco was never before grown and to the limit of seed available and transportation to market possible. The extraordinary rainfall during the months of December and January caused great damage. In some districts the

crop was partially destroyed, but many fields were promptly replanted, so that this year's crop of tobacco will undoubtedly be the largest in the history of Porto Rico.

CULTIVATION OF MINOR CROPS.

Plantains, bananas, pineapples, and other so-called minor fruits, as well as sweet potatoes, corn, rice, beans, pease, and other vegetables have been planted to at least an equal, possibly larger, extent than in recent years, and have generally yielded full crops. The planting of orange and other fruit trees known to be adapted to the soil and climate of Porto Rico has been carried on with increasing activity, but not as yet in volume, interest, or confidence that this most promising branch of agriculture merits. Pomology is practically an unknown science in Porto Rico. Its value and the incentive to fruit production for export have never been presented to the agriculturists as probably profitable pursuits, by reason of restrictions formerly laid on marketing. It is no cause for wonder, therefore, that the natives should apprehend that, after having expended money and labor in planting and caring for orange trees through a period of four or five years' duration, the venture may prove unprofitable. The usual excuse offered for not cultivating fruits is that shipping facilities are inadequate in frequency and speed, and it is hard to convince them that when cargoes are ready swift steamers will assuredly be at hand to carry them away. As yet the installation of orange groves has been almost exclusively by American investors, whose number as purchasers of choice lands is, it is a pleasure to note, being progressively augmented. The first results of their enterprise and confidence will be presented in due time, and it is hoped, as well as confidently believed, that they will be of such a character as to dissipate all fears and give impulse to the development of fruit culture all over the island. The permanent establishment of the United States agricultural station at Mayaguez will, I am sure, when well under way, prove immensely valuable as a mine from which to draw information for dissemination among the people. They will not doubt results obtained at home.

During the past year the value of uncultivated oranges and other wild-grown fruits exported exceeded \$100,000. The oranges of Porto Rico have not the smoothness of skin nor the evenness or brightness of color of those grown in California or Florida and specially prepared to attract the eye, because, as stated, they are grown without care or cultivation, a seed sprouting in valley or on mountain side wherever dropped and struggling through the vicissitudes of plant life to maturity and fruitage as best it may, each tree in bearing an example of the survival of the fittest among thousands that perished by the way. Yet the flavor of the Porto Rican orange is superior to that of

any possible competitor, and shipments to the States are eagerly sought at good prices. Cultivation of such fruit can not detract from its quality, but will add to the productivity and commercial value of the tree.

Bananas and pineapples are worthy of more than a passing notice. Of the former many varieties are grown on the island. Nothing to compare with them in flavor and richness is to be found in the markets of the States, where the thick-skinned, coarse-grained, and insipid kinds, with the saving qualities of producing large, perfect bunches, and of being long keepers, are offered. The lack of proper cultivation is shown in the imperfect bunches of Porto Rican bananas; but, given due care in growing, their superior quality would give them first rank in the market and create a demand that the possibilities of production could never meet. Our pineapples, too, are of a flavor and sweetness seldom found in that fruit elsewhere, and as they are both easy and profitable to raise, and provide a fine filling-in crop on orange lands, the area of production is rapidly increasing.

MINERAL EXPLOITATION.

At the beginning of this fiscal year 21 applications for mining concessions were pending; 31 applications have been filed up to this date. Of these 52 claims, 31 have been granted, 14 have been canceled, 1 has been renounced, and the remaining 6 are pending. There are 79 concessions for iron, copper, gold, salt, and other minerals now in force, but, except one or two gold placers and some salt works, they are not being exploited. The work done by prospectors in gold placers near Corozal has not as yet shown that the deposits are rich enough to be profitably worked, but the owners are not discouraged. Most of the iron deposits now discovered are valuable. The ore is of first quality and seems to be deposited in large quantities. Some copper and lead ores have been recognized to be of very good quality, but the extent of the deposits awaits investigation.

PUBLIC LANDS AND FORESTS.

Except the examination and completion of records, so far as practicable from "expedientes" obtainable, nothing of special interest has been done in relation to lands and forests during this fiscal year; the uncertainty of title and, therefore, of authority by the insular government to control or dispose of public lands is the cause. This is a matter that we, as you are aware, are anxious, and the Federal authorities appear to be quite willing, to have settled upon a just and equitable basis, by mutual concession and in a liberal spirit, without resort to judicial determination. As a means of reaching this desirable conclusion most speedily, you directed me, on March 17, to proceed to Washington and endeavor to secure proper action by Congress. In

the performance of that duty I appeared before the full Committee on Insular Affairs of the House of Representatives and endeavored to explain the situation and argue the need of action by Congress. The result of that conference was a bill, offered by Hon. E. D. Crumpacker, authorizing the President, within one year, to make such reservations of public lands and buildings belonging to the United States in the island of Porto Rico, for military, naval, light-house, marine hospital, and other public purposes, as he may deem necessary, and providing that all the public lands and buildings not so reserved be granted to the government of Porto Rico, said grant to be made upon the express condition that the government of Porto Rico release to the United States any interest or claim it may have in or upon any lands or buildings reserved by the President under the provisions of the act. The committee adopted the bill by unanimous vote, and the House afterwards passed it in the same manner. It is now in the Senate, and it is to be hoped it will be adopted by that body during the present session. With the law in force this department will stand ready to present the case of the people of Porto Rico before the President at an early date, and I most sincerely hope the whole matter may be in shape to lay before the legislative assembly at the next session, for such action as may be necessary in order to perfect our title to such portions of the property as it may be determined to grant to the island.

BUREAU OF INSULAR TELEGRAPH.

The progress of work in this bureau has been steadily and gratifyingly onward to extension of the system, improved service, and increase of receipts. The system as received from the Signal Corps, February 1, 1901, was in good condition and well operated, but limited in scope. The receipts had not, in any month, been equal to the expenditures; indeed, the operation of the system had shown so large a deficit all along that it was taken over with apprehension that the cost of maintenance would make it a "white elephant" on our hands. The need of the strictest economy possible without impairment of service rendered was well understood in the beginning and has been carefully practiced. To the fortunate selection of a competent superintendent, who by presence and example has been enabled to inspire pride and loyalty in his subordinates, are due, I am pleased to record, the present highly efficient service and largely augmented receipts. The subjoined summary will give a fair idea of the growth of the system and relative increase of receipts:

Number of offices:

February 1, 1901	10
July 1, 1901	18
July 1, 1902	32

From February 1 to June 30, 1901, five months:

Average monthly cash receipts	\$1,481.70
Average monthly value official messages sent free	344.17
From July 1, 1901, to May 31, 1902, eleven months:	
Average monthly cash receipts	1,895.03
Average monthly value official messages sent free.....	304.06
Average monthly increase, cash receipts	413.33
Average monthly decrease, value official messages	40.11

The receipts, I may remark, are showing a progressive increase. For example, the average monthly cash receipts from January 1 to May 31, 1902, were \$2,101.67, as against the monthly average of \$1,895.03 for the first eleven months of the fiscal year. For May the cash receipts were \$2,315.45.

The growth of the system is attributable, first, to the extension of the lines; second, to prompt and speedy service required of the operators; third, to the confidence inspired among business men, who are the chief patrons, in the reliability of transmission and assurance of privacy; and, fourth, to a natural increase due to more prosperous conditions of trade and commerce.

From the beginning of insular control and until March 1, 1902, the expenses of operation and extension of lines have been paid from the sum of cash receipts and funds transferred from time to time from the "Miscellaneous appropriation subject to the approval of the governor." The legislative assembly at its last session provided, in the deficiency appropriation, for a more general extension of the system, the total appropriation for salaries, extensions, equipment, purchase of instruments and material amounting to \$14,958.43. This appropriation became available March 1, 1902, since that date the work of extension has been steadily and vigorously pursued, and will be practically completed by July 1, including the establishment of communication between Fajardo light and Vieques by the latest improved heliograph system. The extension contemplates the increase of stations to 40, which number will embrace all of the most important towns on the island, and will, it is judged, fully accommodate the commercial interests.

A difficulty encountered in the establishment of new stations and the general operation of the service has arisen from the scarcity of competent operators. The encouragement of certain employment and ample facilities for instruction has been offered to those who were employed as operators prior to American occupation. Tape instruments, quite antiquated, slow in operation and unreliable, were then in vogue, and it became necessary for an operator to know the American Morse alphabet, to be able to read by sound, and to understand our instrument and system. Few of the men formerly in the service have seen fit to qualify themselves for employment. A younger class of men

and boys have been taken up. As a rule they have been employed first as messengers in the several offices where American managers are in charge, and their proper instructions has been made an imperative duty of the manager. If a boy does not develop, shows too great indolence or disinclination to learn, he is dropped. As a result of careful supervision we have a number of bright, competent young men and boys in the service. Several have been advanced to the grade of operator, and some have received merited promotions in that line. Yet, we have been unable to secure all of the material needed, and are embarrassed in contemplated extension of service by the lack of competent operators. As a hoped-for solution it was decided to open a telegraph school in connection with the San Juan office, and preparations are being made to that end. The idea is to induce young men, boys, and young ladies to take free instruction and to employ such as become proficient and prove adaptability. An encouraging number of young ladies have made application for instruction. The conditions are such that the number of ladies who can be placed after learning the art is limited, but probably as many as take the course can be accommodated as operators in the larger offices.

SUPERVISION OF DOCKS AND HARBORS.

Under the Spanish régime regulations for the control, policing, and care of docks and harbors were enforced. The senior naval officer, who was likewise the commandant of the naval station at San Juan, had charge of all of the harbors of the island and designated a captain of the port for each. Upon the establishment of military government by the United States the military governor issued regulations in which the commandant of the naval station at San Juan was designated as captain of the port of San Juan, and that official performed duty as such until the advent of civil government, when the officer then in command, interpreting the law as abolishing the position, declined to act further. The matter thus rested for some time, vessels entering, anchoring, shifting berths, discharging cargoes, and sailing without restraint, the payment of any port charges whatsoever, or police protection or surveillance, at any of the ports.

The necessity for establishing some sort of regulations at the important ports was evident and claimed the serious attention of those whose duty it was to guard such interests. A careful investigation of the law revealed the fact that the general order of the military governor establishing rules and regulations practically repealed all rules in force prior to that time, and that the regulations provided in the general order were not sufficient to base needed regulations and proper schedules of fees and charges upon, although it gave the governor authority to appoint a captain of the port for San Juan, of which authority you availed yourself as a preliminary step, and turned the

matter over to the commissioner of the interior as falling within the scope of his duties.

At the session of the legislative assembly immediately following a bill providing for the creation of a bureau of docks and harbors and granting authority to formulate regulations for control of the ports was introduced, but on account of a demand by the representatives from the three largest cities to pay over the receipts to the municipalities in which those cities are located, it was ascertained that the house of delegates would refuse to pass the bill without amendment to that effect. The measure was accordingly allowed to rest in the judiciary committee of the executive council, and in lieu thereof a provision conveying ample authority was inserted in the chapter defining the powers and duties of the commissioner of the interior in the political code. A paragraph was inserted, however, limiting the existence of the schedule of fees and charges to the period of one year from the passage of the act, making additional legislation necessary at the next session of the general assembly.

Pursuant to the requirements of the law, I formulated and presented to the executive council for approval a set of rules and regulations just on the eve of my departure for the States, March 18. They were approved subject to amendment by the judiciary committee, which in due time completed its work. The original regulations were put in force at San Juan on April 1, and the amended regulations, involving slight changes, June 6.

As was to be expected after a long interval of freedom from charges and fees of all kinds, with perfect liberty to occupy the bay and government bulkheads, there was opposition to payment for privileges and use of facilities. Some criticism and not a little resentment were shown by merchants and shippers' agents. Many have paid their bills under protest, but others have withheld payment under one pretext or another, pending final action by the executive council on the report of the judiciary committee. But now that all questions have been definitely determined, so far as the government is concerned, the captain of the port has been instructed to require payment of all amounts and to make prompt future collections. The amount collected and due on account of port fees and charges for the months of April and May is a little more than \$2,000. That the monthly average thus shown will be increased as the system becomes more fully organized and the volume of business enlarges, seems assured.

Meantime I have taken steps to establish the bureau of docks and harbors on July 1. One of the first duties of the chief of the bureau will be to extend the organization to the other ports of the island, particularly to Ponce and Mayaguez. At the latter the property of the old board of harbor works, including a wharf, was taken possession of by the municipal authorities at the time of the invasion of Porto Rico,

and the revenues therefrom have been diverted into the municipal treasury every since. The municipality set up a claim of ownership, but the attorney-general ruled against them, and the alcalde has been notified that the government will enter into possession of its property on July 1.

The need of dredging to provide sufficient harbor room for the steadily increasing volume of shipping seeking the shelter of San Juan harbor, the necessity for additional wharf or bulkhead facilities for discharging cargoes, and warehouses or sheds for the protection of merchandise, are matters that should have our careful and earnest consideration with the view of government action in the very near future, and before the situation shall become acute, or of encouraging private enterprise. At one time I felt strongly the conviction that the extension of the bulkhead lines and dredging along the water front would afford ample accommodation for shipping for many years to come, and that the construction of these works should be undertaken by the insular government, believing that the revenues to be derived therefrom would make it a profitable investment. I yet entertain that opinion of the financial advantages of such a course, but the rapidly increasing traffic in the bay of San Juan indicates quite clearly to my mind that the harbor lines on the north or city side of the bay do not present frontage enough to meet future requirements, and that wharves will have to be provided.

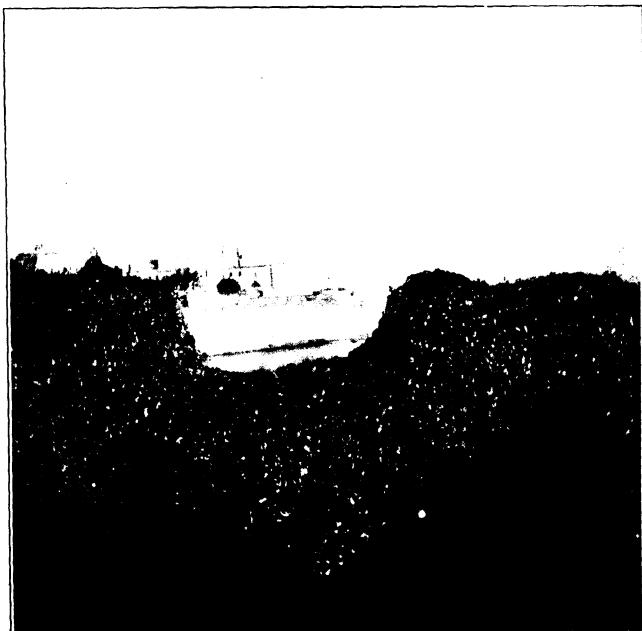
I have read and studied with much interest and profit the able report and maps submitted by Prof. W. H. Burr, of New York, who was employed by you to examine the principal harbors of the island, and record his judgment of the character of improvements most needed. It is an exhaustive report, and all of his recommendations are well sustained by reason and facts. All in all, I consider it a safe basis upon which to rest the superstructure of harbor improvement whenever the financial conditions will permit or actual needs demand.

Very respectfully,

W. H. ELLIOTT,
Commissioner of the Interior.



AUTOMOBILE ON MILITARY ROAD.



PALACE TAKEN THROUGH OLD STONE WALL.

SCHEDULE A.

BUREAU OF PUBLIC WORKS OF PORTO RICO.

Statement of road construction and repair in progress during fiscal year 1901-2.

Road.	Section.	Length.	Allot- ment.	How work is done.	Contract price.	Approximate date of completion.
		<i>Kms.</i>				
Arecibo-Ponce	Lot No. 4	7.30	\$42,726.00	Day labor.	\$41,411.18	Completed.
Manati-Ciales	Lot No. 2	8.10	49,698.00	..... do	30,885.46	Do.
Caguas-Humacao- Playa.	Gurabo Humacao	20.20		Contract.	44,250.00	
	Caguas Gurabo	6.60	65,000.00	Day labor.	.....	July, 1902
	Humacao-Playa	9.40		..... do		
Arecibo-Ponce	[Kilom.15 "Defendini"]	5.93	90,000.00	Contract.	66,139.85	Oct., 1902
Mayaguez-Ponce ..	[Adjuntas-Utuado	5.22	74,000.00	..... do	54,903.91	Sept., 1902
	San German-Pezuela Bridge.	5.00	10,000.00	Day labor.	.....	Completed.
Yabucoa-Maunabo Lares-Aguadilla	San Sebastian-Lares	9.36	38,000.00	Contract.	30,799.52	Jan., 1903
Fajardo-Naguabo- Playa.		14.70	75,000.00	..... do	66,761.68	June, 1903
		18.00	10,000.00	Day labor.	.....	July, 1902
Mayaguez-Ponce ..	Yauco Sabana-Grande	16.20	61,782.00	..... do	•	Oct., 1902
Morovis Branch		11.90		..... do		Aug., 1902
San Lorenzo- Caguas.		9.00		..... do		July, 1902
Camuy-Aguadilla		41.00		..... do		Do.
Arecibo-Ponce	South of Utuado	7.00		..... do		Sept., 1902
Total		194.91	516,206.00			

REPORT OF THE COMMISSIONER OF EDUCATION.

OFFICE OF THE COMMISSIONER OF EDUCATION,

San Juan, P. R., June 9, 1902.

SIR: Complying with the instructions contained in your letter of May 8, I have the honor to submit the following report on the work of the department of education for the fiscal year ending June 30, 1902:

I assumed the duties of the office of commissioner of education on February 8, 1902, two days after my arrival on the island. In view of the fact that I have been in charge only four months, and the complete statistics for the school year, which does not end until June 20, can not be gathered from all the districts of the island before July 31, this report must needs be fragmentary and less exact in detailed information than I should wish to make it. It is possible, however, to set forth the general trend of our educational work and progress, and to give sufficient information to enable one to form an intelligent opinion of what the insular government is doing for the education of the Porto Rican people. Attention should be called in this connection to a very complete report on the existing system of education and the methods of its introduction which was submitted October 18, 1901, by my predecessor, through the governor of Porto Rico, to the Commissioner of Education of the United States, in conformity with section 25 of the act of Congress, approved April 12, 1900. I shall endeavor not to duplicate the material printed in that report, but rather to discuss the system of education in operation, pointing out its salient features, its present results, and its imperative needs.

THE SCHOOL SYSTEM IN OPERATION.

Upon my arrival in Porto Rico I found a good American system of schools of primary, secondary, and grammar grades in every municipality in the island, one high school in San Juan, and a normal school for the training of teachers in successful operation under a general school law enacted by the insular legislature whose provisions were for the most part eminently wise and practical, and did not involve too great a departure from the local traditions of the past, but pointed unequivocally in the direction of the best traditions of the American free public school as we know it in the States. The elementary schools can not be compared, of course, in their every day output of work

with the best city schools of the same grade in the States, but the poorest schools here are fully as good, and in some respects better than the poorest of the same grade in very many parts of the United States. When contrasted with the schools which existed under the Spanish régime, which is the fairest means of comparison, and the one naturally employed by the Porto Rican people, the change is simply marvelous. The essential fact is that we have the American free public school in every municipality. The territory of the whole island is divided into sixty-six legally constituted municipalities, which include urban and rural districts. These are grouped into sixteen school districts, to one of which the neighboring islands of Vieques and Culebra are added. At the end of the last school year (June 21, 1901,) we had 733 schools open, comprising 33,802 pupils enrolled, with 768 teachers, which was an increase for that year of 20 per cent in the number of schools, 37 per cent in the number of pupils, and 21.5 per cent in the number of teachers. We began the scholastic year 1901-2 on September 30, 1901, with 780 schools open, 32,302 pupils enrolled, and 829 teachers, and on February 21, 1902, the latest date for which accurate statistical reports for the entire island are available at the time of this writing, we had 876 schools open with 41,642 pupils enrolled, and with 934 teachers, which is an increase as compared with the close of the last school year of 19.5 per cent in the number of schools, 23.2 per cent in the number of pupils, and 14 per cent in the number of teachers. Compared with the beginning of this school year full reports at the end of the fifth month show an increase of 12.3 per cent in the number of schools open, 28.9 per cent in the number of pupils enrolled, and 5.6 per cent in the number of teachers employed.

These figures show that under American civil government we have nearly doubled the educational advantages offered free to the masses of the people as compared with the maximum facilities provided by the Spanish Government. A comparison of statistics showing the number of schools open in each municipality of the island at the close of the last calendar year preceding the American occupation and those open now, including special schools (night schools, high schools, and kindergartens, not enumerated above), is of more than passing interest:

Municipalities.	Public schools.		Municipalities.	Public schools.	
	Open Dec. 31, 1897.	Open Feb. 21, 1902.		Open Dec. 31, 1897.	Open Feb. 21, 1902.
Adjuntas	6	13	Caguas	9	21
Aguada	7	11	Camuy	5	10
Aguadilla	8	21	Carolina	6	15
Aguas Buenas	5	6	Cayey	8	14
Alibonito	6	12	Ciales	7	17
Añasco	7	13	Cidra	5	8
Arecibo	11	39	Coamo	9	22
Arroyo	3	7	Comerio	7	13
Barranquitas	4	10	Corozal	5	14
Barros	5	16	Dorado	4	6
Bayamon	10	30	Fajardo	15	21
Cabo Rojo	7	17	Guayama	9	13

Municipalities.	Public schools.		Municipalities.	Public schools.	
	Open Dec. 31, 1897.	Open Feb. 21, 1902.		Open Dec. 31, 1897.	Open Feb. 21, 1902.
Guayanilla	5	9	Rincon.....	5	6
Gurabo	5	7	Rio Grande.....	10	14
Hatillo	6	12	Rio Piedras	5	14
Humacao	14	20	Sabana Grande	5	13
Isabela	8	14	Salinas.....	3	6
Juana Diaz	13	17	San German	12	22
Juncos	6	11	San Juan	19	41
Lajas	6	9	San Lorenzo	5	9
Lares	10	15	San Sebastian	8	14
Las Marias	8	9	Santa Isabel	6	6
Loiza	7	9	Toa Alta.....	4	7
Manati	13	18	Toa Baja	4	8
Maricao	4	7	Trujillo Alto	4	8
Maunabo	4	4	Utuado.....	9	20
Mayaguez	37	42	Vega Alta.....	5	7
Moca	6	8	Vega Baja	8	11
Morovis	7	7	Vieques	6	9
Naguabo	5	10	Yabucoa	7	9
Naranjito	5	12	Yauco.....	15	25
Patillas	6	9	Culebra Island.....	1	2
Pefiuelas	8	8	Total.....	538	939
Ponce	42	52			
Quebradillas	4	10			

The total number of pupils enrolled December 31, 1897, is reported at 22,265 as compared with 41,642 on February 21, 1902. This statistical comparison is more than generous to the Spanish schools, because the schools they did have were not entirely free. All pupils able to pay were required to do so, and the fees thus received went direct to the teachers as a perquisite and supplement to salary, and we may therefore be sure that all were required to pay who could. The work done under the Spanish school system is scarcely worthy of being called a school. There was no uniform course of study; no attempt at rules, regulations, or order; no thought of the rights of the child; no endeavor to apply pedagogical principles nor to furnish teachers with an adequate equipment for their work. A rural teacher lived with his family in the schoolhouse and did as he pleased with his pupils, frequently not teaching them at all himself, but hiring a substitute or delegating one of the older and brighter pupils to teach under his general instruction, while he drew his salary and sometimes absented himself from school for considerable periods. There were but two school supervisors for the entire island, and they made but one visit a year to each school, chiefly for the purpose of examining the pupils in the catechism and doctrines of the Roman Catholic Church. We now have a graded course of study which is followed as far as possible by all teachers, even by those teaching in the ungraded rural schools; the best books and supplies the Government can get are furnished free and there are sixteen school supervisors, who are required to visit each school in their districts at least once a month. They confer and correspond with their teachers at more frequent intervals and report in writing to the department several times a week on various questions relating to the schools. Mr. E. C. Hernandez, the present chief clerk

of the department of education and formerly secretary of the insular board of education, himself a scholarly investigator of educational questions and an able text-book writer, prepared a comprehensive report on the history of the school system of the island under Spanish rule. It was printed as part of a document entitled "Education in Porto Rico," prepared in response to a resolution of the United States Senate of April 12, 1900 (Fifty-sixth Congress, first session, Senate Doc. 363, Washington, 1900), and should be consulted by those who care to carry these comparisons farther.

In this connection, however, I can not refrain from quoting from an unpublished letter of recent date from Mr. Enrique Landrón, principal of one of the graded schools of San Juan. Mr. Landrón began his work as teacher in one of the smaller towns under the Spanish régime and has made such rapid progress in American school methods that he has been appointed school supervisor for next year in the district containing the schools of the very town where he began to teach. In speaking of the Spanish schools, he says:

All the public schools in Porto Rico under the Spanish Government were divided into four classes—rurals, auxiliaries, elementary, and superiors. Teachers holding rural certificates were generally in charge of rural schools, and teachers holding auxiliary, elementary, and superior certificates were in charge of auxiliary, elementary, and superior schools, respectively. In the auxiliary and rural schools the following subjects were taught: Reading, writing, elements of arithmetic, catechism, and the merest elements of Spanish grammar. These subjects and an elementary outline of Spanish history, agriculture, industry and commerce, sacred history, and elements of geography were taught in the elementary schools, while the superior teachers had to teach all these subjects more extensively, and also some elements of geometry, surveying, lineal drawing, physics, and natural history.

In the course of study the teacher was permitted to introduce such changes as he deemed necessary for the interests of the school. There was no grading of the schools. Every teacher classified his pupils according to his own ideas, although generally the pupils in the schools were divided into four classes, which were called primera, segunda, tercera, y cuarta clase, the first one being the most advanced. Generally the pupils in the first and second classes only were taught by the teacher himself, the other classes being in charge of the most advanced pupils, who acted as assistants to the teacher.

As to the method of teaching, the pupil had to learn by heart the lessons in the text-books. These text-books were written in the old way of questions and answers. The pupil had to learn daily a certain number of questions. At the time of the recitation the teacher would read out the questions to the pupil, who in turn would answer the same ad pedem litera. The pupils had to learn their lessons at home. A few minutes were granted them before the recitation to read over the answers they had to recite that day. The highest mark was given to the pupil who recited the lesson without omitting any of the words. Besides these recitations, the teachers were supposed to give some oral explanation in grammar, arithmetic, and catechism. Object lessons were entirely unknown.

As to discipline, if there was any, it was very bad. An unbearable noise was heard continuously in the school. Corporal punishment, abnormal positions, and retention after school were the most common punishments used.

The classes lasted six hours a day except in the rural schools, where they lasted

only five hours. In the month of June after the examinations, also in the month of December, the schools were closed for fifteen days; also all of Holy Week and during the year on many other church holidays.

The salaries of the teachers were as follows: Rural teachers, \$300 per year; auxiliary teachers, \$360 per year; teachers in second-class elementary schools, \$540 in San Juan, Ponce, and Mayaguez, and \$480 in other towns; teachers in first-class elementary schools, \$720 in San Juan, Ponce, and Mayaguez, and \$600 in other towns; superior teachers, from \$1,200 to \$1,000 per year. In the small towns, as Vega Alta, for instance, the school was called a second-class school, and in the large towns, like Bayamon, a first-class school. The teacher in charge of the superior school of San Juan had a salary of \$100 per month, while the teacher of Arecibo had only \$80 per month. The ayuntamientos were supposed to pay the rent of the schoolhouses and the salaries of teachers. They also were to provide all materials for the schools. The teacher and his family generally lived in the schoolhouse. The school was free only for poor children. Other pupils had to pay a monthly fee to the teacher. In the larger towns the public schools were usually attended only by the poor children; the others attended private schools.

One of the duties of the school board was to supervise the schools. Of the members of the board, the alcalde and the parish priest were the only ones who visited the schools, and at the end of the school year a committee of the board presided at the general examination. For the purpose of supervising the schools of the island, the island was divided into two districts, the northern district and the southern district, and one supervisor was appointed for each district. They had to visit the schools of their respective districts once a year and report on their condition to the comision provincial.

The teachers obtained their schools through a competitive examination before an examining board appointed by the governor. In this way the teacher obtained his school for life. He was the proprietor of his school, and it could be taken away from him only through special legal proceedings. Teachers were promoted according to the length of public service. At the time of the establishment of the autonomous government the former junta superior de instruccion publica was abolished, and in its place a new office, in charge of the secretary of public instruction, was established. In the year 1898 there were 500 public schools in operation in Porto Rico. These schools were attended by some 22,000 children. Coeducation did not exist, as the Government thought this to be a very dangerous system.

In fact, it can be said that there was no real organization in the public schools of Porto Rico, every teacher being the ruler of his own school.

Resuming the discussion of our present school system, we should note that while 41,642 pupils were reported as enrolled and in attendance at the end of February, we had enrolled during the five months from the beginning of the school year 50,704 pupils. Thus, 4.42 per cent of the total population of the island was enrolled and in attendance in February, and 5.44 per cent of the total population of the island has been in school sometime during the present school year. By the end of this school year I venture to predict we shall have over 45,000 children in attendance at school and shall have enrolled during the year at least 55,000 children.

The last census (1899) gave the total population of school age at 322,393; and, if my prediction comes true, we shall have had enrolled during this school year 17 per cent of the total population of school age, and shall have in attendance at the end of June, 14 per cent of the

total population of school age. Leaving probabilities aside, the figures at the end of February showed 12.8 per cent of the total population of school age enrolled as in attendance and 15.7 per cent enrolled in the first five months of the school year. The statistics for the last school year, ending June 21, 1901, showed but 3.5 per cent of the total population and 10.5 per cent of the total population of school age enrolled in the schools at the end of the year, so that there has been a steady gain and substantial progress made in the effort to reduce the appalling percentage of illiteracy in the island. How much still remains to be done is readily seen from a comparison with the statistics for the United States, where the Commissioner of Education at Washington, Dr. Harris, reported for the year ending June 30, 1901, that about 21 per cent of the total population attend some public school supported by the taxes of the State or municipality, and about 2 per cent additional attend some private school; while in Porto Rico only 5.44 per cent of the total population attended some public school at some time during the first five months of the present school year, and probably considerably less than one-half of 1 per cent attended any private school. (For further statistics, see Exhibit A of this report.)

SCHOOL BUILDINGS AND EQUIPMENT.

Spain left no legacy of school buildings. One public building, a fine old residence property, the gift to the municipality of San German by a benevolent citizen, was used for school purposes at the beginning of the American occupation and is still so used. The United States military government built one frame school building, which was subsequently burned. In November, 1900, the President of the United States made an allotment of \$200,000 for school extension, to which amount there were subsequently added by the governor of Porto Rico, from the trust funds placed at his disposal by the President of the United States, two allotments—one of \$15,000 for general school extension, and one of \$35,000 for the erection of an insular normal school. Work on the plans, specifications and contracts or the actual erection of the buildings thus provided for was begun by my predecessor. Three one-room frame buildings for agricultural or rural schools at Carolina, Gurabo, and Las Piedras were already completed before the end of the last fiscal year, June 30, 1901. When I assumed charge of the department in February a statement of this account showed that the insular normal school at Rio Piedras was nearing completion and would be finished within the appropriation of \$35,000, including the cost of the ground, about 50 acres, beautifully situated on a hill within 7 miles of the capital. Twenty one-room frame agricultural or rural schools, including the three above mentioned as completed within the last fiscal year, have been completed and are now occupied. The average cost of construction has been \$1,667.67, exclu-

sive of office expenses in preparation of plans and cost of supervision of construction, which would probably add about \$100 to the cost of each building.

In addition to the above, two two-room frame graded school buildings have been erected at Penuelas and at Juana Diaz, and another two-room graded school building, in brick, at Lares; eight four-room brick buildings at Humacao, Caguas, Coamo, Aguadilla, Manati, Yauco, San German, and Guayama; one six-room brick building at Arecibo, and two ten-room graded brick buildings at Mayaguez and Fajardo, making in all fourteen school buildings for graded schools, all of them substantial structures, most of them the largest and finest buildings in their respective towns. They are admirably adapted to school work, and have been built from plans and specifications prepared by the department of education, which has supervised the work at every step. For this work the department has had the services of Mr. Charles G. Post as chief inspector of buildings and a corps of five able assistants. Three more graded school buildings, located at Bayamon, Cayey, and Aibonito, are under contract and nearing completion. The total cost of the seventeen graded school buildings will be about \$140,000, exclusive of the cost of land, which is donated in every case by the municipality, and of the cost of plans and supervision. The total cost of plans and supervision for the first year (January 1, 1901, to January 1, 1902), during which the department engaged in the work of school extension, has been about \$10,000. From the total allotments made prior to May 1, 1902, for school extension, amounting to \$250,000, we have completed one large normal school building, of which more will be said in the separate section of this report relating to the normal school, and thirty-eight public school buildings, of which all are occupied but three, which will be ready before the opening of the next school year; and we have a balance of about \$25,000, with which we will build and equip an industrial school in the city of Ponce during the coming summer, which will make a total of forty public buildings equipped with modern school furniture, with accommodations for nearly 6,000 pupils, at a cost of \$250,000. In view of the high cost of building material, much of which has to be brought from the States, the scarcity of mechanics able to do the grade of work demanded on most of these buildings, and the enormous expense of transporting workmen and materials from the coast to the interior districts of the island, this result could only have been secured by economy and prudent management, and I believe that the people of Porto Rico have got large value from the expenditure for schools of the trust funds so generously donated by the people of the United States.

Recognizing the urgent need for a continuation of this good work of school extension, the governor and heads of executive departments,

in whose hands the trust fund allotted by the President of the United States has been placed, consented, upon my recommendation on April 30, to the use of the further sum of \$150,000 for school buildings. Eighty-five thousand dollars was immediately allotted, \$21,000 of which is for a model six-room brick graded school and a two-story frame principal's residence, as part of the Insular Normal School at Rio Piedras. Plans have been drawn and are being advertised for bids at the time of this writing. Both buildings should be completed by the opening of the next school year. Twenty thousand dollars, or so much thereof as may be necessary, will be used in the construction of twelve agricultural or rural schools in the following places: Comerio, Trojillo Alto, San Lorenzo, Cidra, Florida, Naranjito, Tallaboa, Morovis, Jayuya, Guaraguao, Maricao, and Ciales; \$44,000 will be used for the erection of graded-school buildings on a new plan by which the municipalities in which graded-school buildings are erected will be required hereafter to give the ground and pay one-half of the cost of the building. The balance of the \$150,000, after the \$85,000 allotted on or about May 1 is expended, should be made available for the erection of graded-school buildings in accordance with the plan just mentioned. In recommending this plan I felt that the trust fund would be exhausted long before the most imperative needs for school buildings could be met, unless we could begin to capitalize the "object lessons" of the first schoolhouses erected by the insular government and induce the municipalities to tax themselves for this purpose. I had previously secured, as one of my first legislative acts, the passage of a bill giving the municipalities the right to levy a special school tax not exceeding one-tenth of 1 per cent on all personal and real property, in addition to the regular property tax, to be collected by the treasurer of Porto Rico in the same manner as other taxes, but to be turned over direct to the local school boards to be used exclusively for school purposes. At the same time another law was passed raising the minimum per cent of all taxes which the municipalities were required to turn over to the school boards for school purposes from 10 to 15 per cent. Thus the school boards should find themselves from now on much better able to cope with their financial difficulties. The moment seemed opportune, therefore, to suggest that, while the insular government might continue to build rural schoolhouses in the poorer and most needy districts, henceforth in the larger towns and more prosperous districts graded-school buildings would be constructed only where the municipality agreed to furnish the ground and pay half the cost of construction. To make it possible for the municipalities to accept this offer in cases where the funds were not immediately available, or to enable them in some cases to distribute over a series of years the burden of their share, the department of education has offered to erect the building as usual and pay the entire cost, and allow the municipality to pay

its share in monthly installments, to be withheld by the treasurer of Porto Rico, in pursuance of the authority of a proper ordinance of the municipal council, from the current monthly disbursements of the treasurer's office to the said municipality. These advances will be made without interest. The plan has worked well, and several municipalities, within one month since it was announced, have already passed the necessary resolutions to avail themselves of this offer. The department is about ready to advertise the contract for a six-room graded school at Rio Grande, which was the first town to accept the new plan. The building will cost probably \$10,000 and Rio Grande has agreed to pay \$100 a month until the sum of \$5,000 is repaid.

BOOKS AND SUPPLIES.

All of our schools have been well supplied during the year with necessary text-books, stationery, maps, ink, pens, pencils, and ordinary school supplies. Exact statistics of the quantities used have not been compiled yet for the entire year. Over \$30,000 has been spent for text-books and school supplies, and the further sum of \$35,000 for school furniture. Nearly 10,000 new individual school desks have been purchased during the year at a cost of about \$3 apiece, put in the school. They have taken the place of miserable board benches and tables at which the children were formerly huddled together without any possibility of maintaining good order and without any regard for health and comfort. Unfortunately this old furniture has had to be used again in most cases to take the place of still worse equipment in rural schools, or to serve until better can be secured where there is no school furniture at all. I have visited rural schools within a few miles of the capital where half of the pupils had to sit on the floor around the walls of the room, and on a rough slab-log floor at that, with cracks between each slab of from 1 to 1½ inches. New individual desks create a change in the discipline of the school and in the spirit of pride and degree of efficiency with which both teacher and pupil carry on the work. Every school in the island should be equipped with modern furniture as well as with modern books as soon as the necessary public funds will permit. We could use 25,000 desks to good advantage next year. Unfortunately, we shall be able to purchase, with the appropriation for that purpose, not over 6,000.

During the past year no funds have been expended for luxuries or for experiments with untried or unapproved school appliances. We have secured for all the children now in the schools an adequate supply of the best elementary text-books available in the different subjects and of the absolutely necessary maps and charts which constitute the equipment of a well-ordered classroom. We are somewhat restricted in the choice of such supplies by the fact that the work in the rural schools, which constitute over half the schools in the island, is conducted

entirely in the Spanish language, and the larger part of the work in the remaining schools is also in Spanish. About two-thirds of all our text-books, therefore, are Spanish books; in many cases Spanish translations of English text-books, which are usually inferior to the originals. In the lower grades we have been able to make larger use than ever before of English text-books, and when the time comes that we have teachers able to use English text-books in all the grades we shall have a much larger range of choice in books adapted to our course of study. The children will learn English fast enough to be ready to use English text-books before their teachers in all cases are able to teach either in the English language or from English text-books. Some premium should be placed upon the work of the Porto Rican teacher who is able to do his work in English, and it may be possible in the near future to encourage the Porto Rican teacher to equip himself to do his work in English by the promise of the highest grade of salary only when this result is reached.

TYPES OF SCHOOLS.

The conditions in Porto Rico demand that we should have at least three distinct types or groups of schools if the system of public education is intended to meet with any degree of completeness the educational needs of the island.

The first type or group of schools is that designed for purposes of general education. The object of these schools is to reduce the amount of illiteracy and to give every possible encouragement to the development of the intellectual powers of the children of all grades of attainment as they are brought together in the rural schools, where a single teacher must conduct several classes in the same subject, varying greatly according to the attainments and ages of the pupils, and to do the same thing under somewhat more favorable conditions in the town and city schools, where the number of pupils permits of more exact grading and of the assignment of different grades to the special teachers. This work can be carried just as far as the public desires to maintain it as a part of the public-school system. It may take pupils from the graded schools to a high-school course, into the college, and through the college to the university. We have now provided for a course of study running through eight years of graded work, the final examinations in which will admit to any high school in Porto Rico, and the legislature has provided for the establishment of four high schools, well distributed geographically, and to be located at San Juan, Mayaguez, Ponce, and Fajardo, in which the work of these pupils can be carried on to the point at which they will be ready for admission to the average American college. One of these high schools is in operation at the present time, namely that at San Juan, and at least one more will be in operation during the next

school year; and two years hence we shall have pupils enough ready for this work to maintain a complete four-year high-school course at San Juan, and a two-year course at Ponce, and to have at least the first year of high-school work in successful operation at Mayaguez and Fajardo. In time there will be enough pupils prepared in our own schools ready for college, in addition to a number of young persons in Porto Rico who have secured their preparation elsewhere, to justify the establishment of a college academic course.

The literary ambitions of the people are marked, and the demand for the establishment of an institution of college grade, which in time would lead to the development of a great Antillean university as a part of the public-school system of Porto Rico, is likely to increase as the years go on. We should not be blind to the development of the distant future while absorbed in the more pressing demands of the immediate present. While for many years to come the needs of the great masses for the most elementary forms of education will be so great as to preclude the judicious expenditure of public money for the vastly more costly types of higher education, open necessarily only to the few, the suggestion which has frequently been made looking to the establishment of a Porto Rican college or university is one that should be encouraged and for which plans should be made many years in advance. The position of Porto Rico in its geographical and political relations to the islands about it and in its geographical and commercial relations with the whole of Spanish-speaking South America is a factor to which your excellency called attention so pertinently and so favorably in your recent address at the dedication of the Insular Normal School. Institutions of higher learning, which would draw to Porto Rico students from all the South American Spanish-speaking countries and enable them to receive their professional as well as their cultural training for positions of large usefulness in public life in an American college in Porto Rico, where the living experiment, with the results of the contact of Anglo-Saxon and Latin races and of American and Spanish institutions, and of the assimilation of the best in both is going on, would constitute a potent influence in the extension of American principles and ideals.

The second type should be a school especially designed to meet the needs of the rural and agricultural population of the island. It should begin with the agricultural rural school which furnish instruction in the elementary branches of a general education, but are not designed to start the pupils on a course which in its highest development would lead into the ordinary college or university, but rather on a course which will lead in its highest development to the agricultural and mechanical college providing a training in practical and applied science. We have already begun with the agricultural rural school, and this must be strengthened and guided by a special department in

our Insular Normal School, which will provide specially trained teachers for the agricultural rural schools and perhaps also advanced training for those pupils who are able to continue their studies beyond the point to which the agricultural rural school can carry them. The agricultural schools and the agricultural and mechanical department of the Insular Normal School would work in the closest harmony with the agricultural experiment stations established or about to be established by the Federal Government.

The third type of schools is the industrial and trade school for the introduction of which we have just begun to plan. These schools should be established in the larger cities and have every equipment to give each pupil a good elementary education and a special training or preparation for some important trade.

The work of all three types of schools would naturally develop into a harmonious system in which there would be an interplay of activity and influence between the three divisions of work just outlined. The industrial and mechanical schools would encourage and foster the introduction of manual training in the ordinary day school, and the work of the agricultural rural schools would naturally encourage nature study and other useful and neglected forms of general education in the regular day school, while the day school and the high school should maintain and foster in both the agricultural and industrial schools a high standard of general education and culture.

In addition to these three types of schools, there is in our educational system to-day, and there will ever be need for, a fourth group of special schools designed to meet special needs. Thus, at present, we are maintaining night schools, schools for the training of nurses, and a school of drawing and painting. Perhaps a few words on the present status of the different types and classes of schools may not be inappropriate in this connection.

RURAL SCHOOLS.

Out of 876 schools open at the end of February of this year, 490, or nearly 56 per cent, were rural schools. These are taught almost exclusively by Porto Rican teachers and the work is done in the Spanish language. They are ungraded schools. The teacher forms as many classes within the school as the needs and ages of the pupils demand, and while one class is reciting its lessons the other pupils are studying or doing written work under the general direction of the teacher. The teacher has a regular programme, devoting so many minutes each day to the several subjects assigned in the course of study. These schools have improved greatly during the past year.

The effect of the training on teachers in the summer normal school of the previous year is very marked, and the interest of the teachers, (who are the poorest paid and those with the fewest opportunities in

the whole corps of public school teachers), in self-improvement led us to arrange for an eight weeks' summer course for their special benefit, which will begin on the 7th of July at the Insular Normal School. Our accommodations for this summer course are limited to 300, and it certainly speaks well for the rural teachers that the full quota was secured by the middle of April, and there is now a waiting list of those ready to take the places of any who may drop out when the summer school begins, next July. Considering the sacrifice that many of these teachers have to make to attend this course, paying their own expenses for travel to and from San Juan, paying their living expenses during the eight weeks they remain there, and devoting nearly all of their attention to hard study, which will require at least six hours of class-room work per day, we should certainly be gratified to know that three-fifths of our rural teachers are eager to improve this opportunity and to impose upon themselves these burdens in order that they may be better prepared to adapt themselves to the needs of our American public school system. With generous provision for school supervision, which will enable the school supervisor next year to devote more time to the rural schools in his district, to visit them more frequently, and to give more encouragement and direction to the work of each teacher, our rural schools are sure to make creditable progress.

AGRICULTURAL RURAL SCHOOLS.

The agricultural rural school is organized on the same general lines as the rural school, only that it has at least 1 acre of land about the school building available for purposes of practical cultivation, and it was the intention of the department when these schools were first opened that only the morning hours should be devoted to class-room work and the elementary branches of reading, writing, and arithmetic, and that the afternoon hours should be devoted, under the direction of a teacher specially qualified as a practical farmer and scientific agriculturist, to the actual cultivation of the soil and the raising of the ordinary vegetables and farm products and to experiments in the scientific cultivation of plants in which the agricultural community in the neighborhood of the school might be interested. It was the intention that this work should be done by the pupils themselves, and the results have value not merely as an object lesson to the community, but in the intellectual development of the pupils and in the direction of their future careers. Unfortunately the department of education at the time these schools were established was so much occupied with the imperative needs of the other schools that my predecessor very properly gave the major part of his attention to providing for the

greater number by planning for the successful operation of the ordinary day school. The result was that the agricultural rural school was not thoroughly equipped. The teachers in some cases were not entirely qualified for such work under the peculiar conditions existing in Porto Rico. Some of them are practical agriculturists under American conditions prevailing in the States, but did not realize how different were the conditions in the tropics, and were not sufficiently well-equipped in the Spanish language to work with those in the rural districts who knew little or no English. The schools were thus not properly equipped with tools and apparatus. The ground in many cases was not properly fenced or protected from the trespass of men and animals, and the general result was that little had been done outside of the schoolroom work in these agricultural schools. A few of them I changed over at once into rural schools of the ordinary type and gave up the attempt to carry on their agricultural features. This caused some disappointment in the several communities, where this work had been looked forward to with much interest. I then secured the services of Mr. F. M. Pennock, at that time connected with the American Fruit Company at Rio Piedras and himself a scientific agriculturist of large experience, both in the States and in the tropics. His work in Jamaica and in Porto Rico for a period of several years had won for him the respect of the people, and his knowledge of local conditions and of the language enabled him to enlist the interest and support of those most actively identified with the agricultural interests of the island. I had Mr. Pennock visit each of the nineteen schools in which we had at some time or other attempted to do agricultural work or in which we were planning to introduce this work. Twelve such schools were in actual operation at the time of his visit, and his detailed reports cover all nineteen schools, including some that had been changed over into regular schools of the rural type, and also some that were not yet ready for occupancy as agricultural schools. The detailed reports on these schools will be found in Exhibit B of this report.

Mr. Pennock was instructed to examine each school with a view to reporting upon the location of the school, the character of the soil, the demand for agricultural work in the community, the equipment in tools, and the practical work of the teacher. He was also asked, on the basis of the data thus secured, to prepare a general plan for the better guidance and direction of this work on a uniform basis by a department to be established in the normal school at the opening of the next school year. Mr. Pennock went with the necessary letters of introduction and conferred with the teachers in each of the schools, with the school supervisor of the district, with the local school board, and with citizens interested in the cultivation of the soil in the imme-

diate vicinity of the school. In his general report on the results of his investigation Mr. Pennock says:

If the representative citizens can not be brought to appreciate the far-reaching importance of this departure from old-school methods, and if the local school boards do not cooperate with the department of education in developing the agricultural type of school, even good teachers will fail to secure the best results. * * *

To gauge and foster this sentiment, after a full explanatory talk with the school supervisor in order to secure his assistance, we conferred with such members of the school board and such prominent citizens as we could meet in a hurried visit. * * *

In these talks the backwardness of our agriculture, except in the matter of cultivating sugar cane, was pointed out, and the opportunity, through these proposed agricultural schools, to gradually diversify our farming and add valuable export crops by spreading among the children a knowledge of the use of modern methods of cultivation and of improved implements and of how plants grow and how simple experiments may be profitably conducted was dwelt upon.

To speak of the tobacco crop as one which might receive the painstaking care of an agricultural school-teacher was sure to excite particular interest. Tobacco is now the most profitable crop within the reach of the poor man and the man of moderate means and promises immediate cash returns. If the department would only secure some choice seed and the best literature on cultivating, curing, and preparing tobacco, here would be something that would help them all, young as well as old. Improvements in the handling of this plant would, it was thought by many school patrons, secure a deep interest in any school taking the matter up in earnest.

In the same connection I brought out, as best I could, the important work for the neighborhood, which the school could accomplish, in throwing light on orange and pineapple growing, and upon the cultivation of improved garden vegetables.

The age of the pupils runs low in all the agricultural schools so far. The average is about 12 years. In some cases teachers told me that they had had some larger boys in the school, but that on account of the poverty of the families, and the fact that it was the busy season of spring planting, they had been obliged to stop coming.

It is evident that this work in its beginnings must be quite elementary and adapted to the comprehension and to the physical strength of young children.

Most of the agricultural schools have girls among the pupils. I did not observe or hear of any objection to the plan, which seemed to work smoothly.

The girls generally worked in the field, where any work was in progress, but at the less laborious operations.

The department has carefully planned to put this work upon a substantial basis for the next school year, and a model agricultural school will be conducted at the Insular Normal School. A summer course for the teachers in the agricultural schools will be given before the opening of the next school year, and only those schools will be opened as agricultural schools where the local interest justifies it. Those that are opened will be supplied with good seed and an adequate equipment of tools and implements. I think that when this work is made a real thing and brought into necessary harmony with the educational work of the Federal Government's agricultural experiment station it will receive the hearty indorsement and support of the public.

GRADED AND HIGH SCHOOLS.

From the statistical report given in Exhibit A it will be seen that we had in February 345 graded schools open. Most of these are taught

by native teachers and are located in the larger towns, where three and four grades are usually grouped together in one building. Instruction in English is given in each of these graded schools by an American teacher, and one such teacher is assigned for service in three or four graded schools. Thus we have 99 American teachers teaching English in these graded schools in the afternoon hours and devoting the morning hours to general instruction for the most part in English with the smaller children in the lowest grades. In this way it is thought in a few years, as these younger children advance to the higher grades, all of the children in the graded schools will be prepared to use English text-books and to receive instruction in English, provided the native teachers can be prepared in the same time to give such instruction in all subjects. In this way alone will it be possible for the children of Porto Rico to acquire a working knowledge of the English language. There is no intention to rob them of the use of the Spanish language or in any way to displace that language. If, in addition to the best they have now, we can give them a practical working knowledge of English, they will have in their possession a tool of inestimable value in their future work in life, whatever that may be. The graded schools are doing excellent work, and while only a few hundred pupils have as yet advanced beyond the sixth grade, there will be at the end of this school year, in all, probably a thousand pupils ready to pursue work in the seventh and eighth grades in the course of study during the next school year, and we shall have, in all, probably one hundred and fifty pupils who will have completed the eighth grade by the end of this school year and be ready for admission to a high school in case they are able to continue their studies another year. For these provision has been made in the high school at San Juan, in addition to which we shall open the first year of a high-school course in Ponce and Fajardo. In San Juan we have divided the high-school course into a Spanish high school and an English high school, giving two parallel courses conducted in the Spanish and English languages, respectively. In the so-called American school at Ponce we have a graded school with all eight grades of work given in the English language, and the graduates of this school will be able to pursue their high-school studies in an English high school, so that probably the plan now in operation in San Juan will be followed in Ponce, and two parallel high-school courses will be provided, one given in English and the other in Spanish. These high-school courses in San Juan, Ponce, and Fajardo will be open to pupils from all parts of the island, and in another year, when the high-school course is opened in Mayaguez, we shall have in these four courses ample provision for the higher education of high-school grade for all pupils throughout the island who have successfully pursued their studies in the graded schools and are able to continue their studies in the high school. Additional facilities in the way of buildings and special teachers for this work will be needed another year, and will add

materially to the demands made upon our educational budget. The results obtained in the past two years in the high and graded school in San Juan amply justify the continuance and the expansion of this department of our work. The preliminary report of the principal of the San Juan High and Graded School for the current year is given in Exhibit C.

SPECIAL SCHOOLS.

In addition to the rural, agricultural, and graded high schools, we have already in successful operation a number of special schools. First in importance are the night schools, for which ample provision has been made in the school law. Seven hundred and thirty-seven pupils have been enrolled in the night schools during the first five months of the last school year, with over 81 per cent of the pupils in actual attendance during the month of February, which is a remarkable showing when we consider the fact that most of these are persons of adult years, occupied at hard work during the day and making many sacrifices to attend school in the evening. Within the past few weeks we have made some modifications in the course of the night schools with a view to making them as practical as possible. The plan is to give the best instruction in these schools in the most elementary and practical subjects. Arithmetic, language work in both English and Spanish, writing, and a little elementary instruction in geography and history, comprise the course. In San Juan we have begun the experiment of offering to those who have made satisfactory progress in the subjects just mentioned the privilege of entering a special class in typewriting, stenography, and bookkeeping, for which there is considerable demand. The recent action of the cigar makers' union in demanding of its members the ability to read and write has brought applications from many more persons employed during the day for admission to the night schools, and we have in most of our night schools a waiting list of those anxious to enter as soon as there is room for them.

Of the other special schools, the work of the kindergartens has perhaps aroused the greatest enthusiasm in the community. While the resources at the command of the department are not sufficient, and perhaps the time is not ripe, to introduce the regular kindergarten in connection with all of our graded schools, the experimental kindergartens that have been already established in San Juan and Ponce are doing a splendid work and are developing an interest among parents in the welfare of the smaller children by showing them the value of early systematic training. They have proven to be splendid object lessons and have already had a wholesome effect in enlisting the interest and cooperation of parents in the work of their children in all of our schools.

At the last session of the legislature a law provided for the establishment of three schools for trained nurses. One such school has already been established in San Juan, where a class of young women, willing to devote themselves to the profession of trained nursing, is being instructed under the direction of an American trained nurse, who is a graduate of one of the best schools in Boston. The work has just been begun and is somewhat handicapped by the lack of proper hospital facilities, which will be supplied as soon as the new city hospital in San Juan is ready for occupancy. Through the cooperation of the Maternity Hospital of San Juan arrangements have been made whereby this training class works in connection with the officers of that institution. The course of instruction consists of not less than three hours' study each day, one hour of which is used in giving practical instruction in the treatment and care of the sick, with a review each day of the previous day's lesson. The remaining two hours each day are devoted to the teaching by observation of the symptoms in medical and surgical patients in the different hospitals of the city. Twelve pupils are enrolled in the class, ranging in age from 16 to 30 years. Rules and plans for a more systematic course of instruction are now being worked out, and as soon as the service of two more professional trained nurses can be secured similar classes will be established in connection with the hospitals of Mayaguez and Ponce, and it is hoped to have these classes in successful operation by the beginning of the next school year. We shall then have in three of the largest cities opportunities for Porto Rican young women of sound physical health and earnestness of purpose and ambition to fit themselves for a career of honorable and much-needed public service.

INDUSTRIAL SCHOOLS.

There is no more important forward step in the educational work in Porto Rico than the proposed establishment on a solid and adequate foundation of industrial and trade schools. The last legislature recognized the importance of this question and enacted a special law giving the commissioner of education ample powers to establish three such schools, one in San Juan, one in Mayaguez, and one in Ponce, as soon as the funds at his disposal would permit. There will be at the close of this fiscal year a small balance, perhaps amounting to \$20,000, from the moneys appropriated for education during the current fiscal year and unexpended because of the inability of some of the local school boards to open the maximum number of schools allowed to the several municipalities. This fund will be available for industrial schools in accordance with the provisions of the law just mentioned. Your excellency has already sanctioned the use of an additional sum of \$25,000 allotted from the trust fund for the establishment of an industrial school at Ponce. While these sums will be entirely inadequate

to do more than make a small beginning in the work of establishing industrial and trade schools, plans are now being prepared for the three schools authorized by law, and probably at least one of these schools will be opened early in the next school year. It will be necessary to erect special buildings and to provide for the mechanical equipment of these schools with supplies brought from the States. It will be still more difficult to secure at the outset the necessary teachers to carry on this work. We hope, however, to make a good beginning, and with proper support from the next legislature and with a reasonable appreciation and cooperation on the part of the general public in this most important development in public education in Porto Rico we may make rapid progress.

Trades which will be taught in the new industrial and trade schools will be selected after careful conference with representative business men of the island, with a view to selecting those for which the people are adapted and in which there is immediate demand for skilled labor at the present time in Porto Rico. This is especially true of plumbing, harness-making, hat and straw weaving, printing, and certain forms of cabinet and wood work. To these can be added from time to time, as the funds and equipments of the schools will permit, training in other branches of industrial activity. The aim will be to make the work simple and practical, and to combine with mechanical work instruction in the most elementary subjects now taught in the public schools as the basis of a good general education.

PORTO RICAN AND AMERICAN TEACHERS.

The strength and value of any school is measured in the last analysis by the character and efficiency of the teacher. The most difficult task in the development of the American school system in Porto Rico, as all those who have had any experience in this work testify, and all competent observers know, is to secure a sufficient number of well-qualified teachers. Considerable improvement has been made in this direction during the past year. We have at the present time in the employ of the department about 1,000 teachers, of whom 12½ per cent are American and 87½ per cent Porto Ricans. An exact statement of the number of teachers, the salary of each, and the classification of the total number according to citizenship, as citizens of the United States and citizens of Porto Rico, was made at the request of the committee of the legislature in March, and is submitted herewith as Exhibit D. This shows 123 Americans receiving the total annual salary of \$67,195, and 837 Porto Ricans whose total annual salary amounts to \$281,735. Thus the greater part of the work is done by Porto Ricans, and the greater part of public money expended for salaries of teachers goes to native teachers.

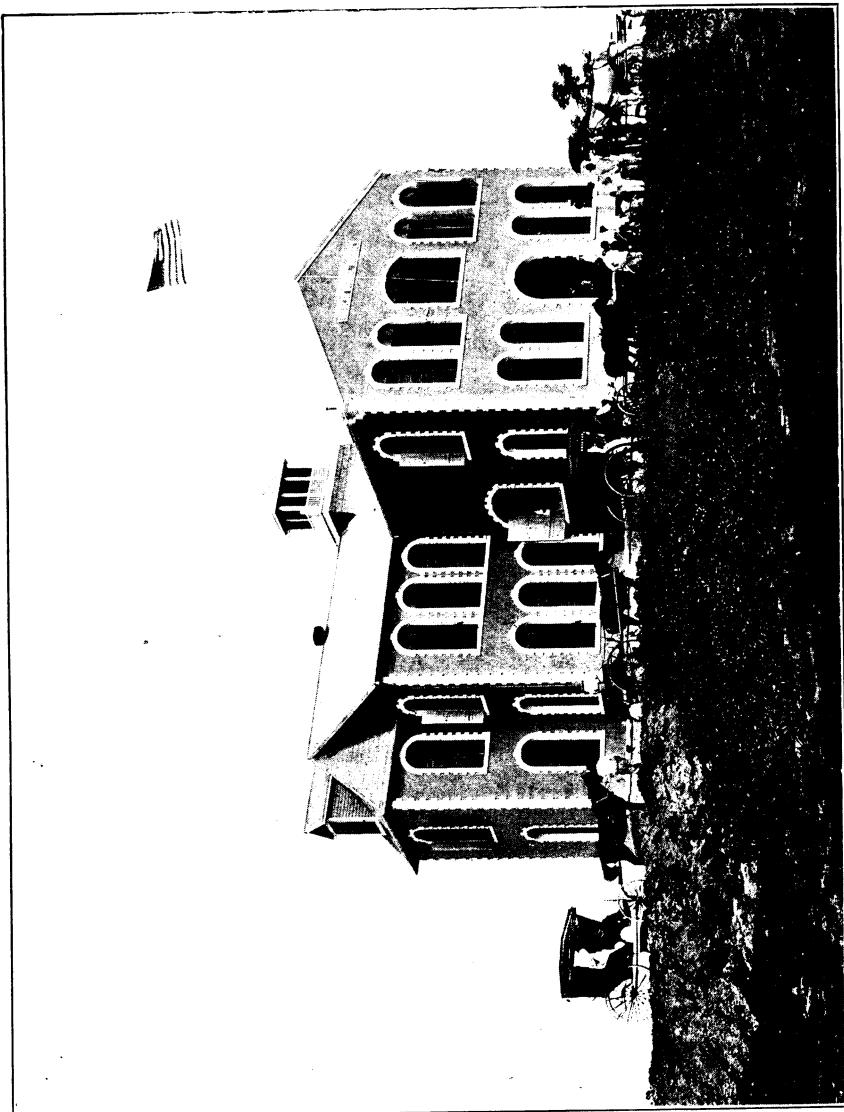
Of the American teachers almost all of those who came as adventurers or because they had been rejected in the States have been weeded out of the service, and the ranks of the American teachers now contain some of the best equipped and most devoted teachers to be found anywhere in the United States. We have on file now nearly five hundred applications, some of them from graduates of our best colleges and normal schools, representing all States in the Union, young men and young women willing to take up the work of teaching in the schools of Porto Rico. Many of these are eager for the opportunity of service in a good cause. Some are influenced by the desire to see something of the life in a tropical country and to equip themselves for larger work in the States by acquiring a knowledge of the Spanish language. At the same time they are prepared to give honest and efficient service, and while they probably do not desire to remain more than two or three years at the most, they are in no wise disqualified by this secondary motive from being considered valuable material for our schools. We have, therefore, abundant material from which to select enough American teachers of English to equip all the schools we shall be able to open next year. These American teachers, however, should not be called upon to make so great a financial sacrifice as they must necessarily do in order to accept these appointments. The salary paid to an American teacher of English is only \$50 a month for nine months, amounting to \$450 a year, in addition to which there is an allowance by the local school board amounting to \$54 as a minimum and ranging from that figure up to \$135 for the school year. There are few cases, however, in which the maximum allowance is paid. Practically, therefore, most of the teachers of English have to reckon on a total annual income of \$504, out of which they must pay their transportation to and from Porto Rico and provide themselves with subsistence and clothing for an entire year. The transportation expenses are at least \$100 and in some cases where teachers come from the interior of the United States considerably more than that sum. The expense of living in Porto Rico for such teachers is necessarily high, and the result is that after one year of experience many are unwilling to remain. The schools suffer a great loss on this account, because the value of an American teacher to the school the second year is nearly double that of the first, in which she is getting acquainted with the people, the local conditions, and the language. We ought to be able to hold our best teachers here for a series of years by offering a higher salary at the outset in order to secure the best talent and by offering a progressive increase in pay for each year's service. Formerly the United States Government furnished free transportation, when the army transport system was in force between New York and Porto Rico, but now that the transports have been discontinued no provision has been made to pay the travel-

ing expenses of teachers from the States and they have suffered a corresponding diminution in their net income.

The Porto Rican teachers are working hard to equip themselves for the best positions by familiarizing themselves with the English language and with the methods of the American school system. Most of them have had few opportunities. The majority of them are married and have large families to support. They are extremely poor, and as a rule are unable to leave their homes for any length of time in order to avail themselves of any opportunities for study or for self-improvement. We shall have to be patient with them and do all in our power to aid them by efficient supervision of their work, by the loan of books, and by such direction of home study as the department and the Insular Normal School can give, and we hope soon to have a plan in operation by which some instruction at least in the methods of teaching, and perhaps in the matter of physical training in the schools, can be given by an instructor from the normal school visiting from time to time those schools where the need is greatest.

The department is doing everything possible to maintain a high standard of honor and efficiency among the teachers and to develop the spirit of professional pride and mutual criticism, rivalry, and encouragement among the teachers themselves. Those who willfully neglect their work, close their schools before the regular hour for closing, neglect to open them at the proper time, sham sickness, and in general do as little work as possible when the supervisor is not in sight are dealt with severely when they are found out. We have had the risk of closing some schools altogether, by suspending within the last three months about twenty-five teachers for serious cause. In some of these cases the work of the teacher in the schoolroom was not inefficient, but the private life of the teacher and his moral influence in the community were not above reproach. We must not place the care and training of innocent children in the hands of any teacher whose life is not clean, wholesome, and earnest, no matter what other qualifications he may have. We would better have fewer schools, and apparently take a step backward—which in the end would mean a long step forward—than to tolerate in the rank of teachers those who can not command the full respect of the communities in which they live.

The younger teachers are responding nobly to the demands of the department in all respects. Year by year, as the normal school turns out additional classes, the effect of this well-trained and enthusiastic body of young persons in the corps of teachers will make itself increasingly felt. Some of the younger teachers are making great sacrifices in order to save money and spend their vacations in the States where they can study our American schools at first hand and perfect themselves in the knowledge of our language. Three hundred of the rural teachers responded immediately to the call for that number to spend



INSULAR NORMAL SCHOOL

eight weeks of the coming summer vacation at the normal school in a course of study designed to better fit them for their work. There are, therefore, no lack of signs to encourage, especially when we consider how few have been the opportunities in the past, and how great has been the change in spirit with which the Porto Rican teachers have welcomed the new school system and adjusted themselves to it.

THE INSULAR NORMAL SCHOOL.

From what has just been said it is evident that the key to the educational situation lies hidden in the work of the Insular Normal School. About one hundred pupils have been in attendance during this year. They have done better work and harder work and more work than any similar body of students in most of the best schools in the States. They now have a new building, which was dedicated on the 30th of May, in which they will find every appliance of the best modern school-room to aid them in their work. The building is beautifully located on a tract of about 50 acres of land situated in Rio Piedras, 7 miles from the capital, and accessible by both a railroad and a trolley line. In this building are large and airy class rooms and an auditorium that will seat 300 persons; two gymnasiums, one for boys and one for girls, equipped with shower baths and lockers and all necessary appliances for physical training. Laboratories will be established as they are needed. There is a room devoted to the purposes of a library, and already we have the beginning of the equipment of a school library. The work in this school is for the most part done in the Spanish language, although great stress is laid upon the study of English and the pupils in the school have made so much progress in English that most of them can understand an address given in that language. This condition of affairs must continue for a time during this transition period until enough pupils from the lower grades of the public schools reach the point where they can take up their studies in the normal school and pursue them with instruction in English. We are making every effort to bring that about as soon as possible, and when it is possible the efficiency of the work in the normal school can be almost doubled by reason of the fact that we can secure teachers who are experts in normal school work in the States and who do not know Spanish; and pupils and teachers alike can have the advantage of a wider range of choice in the selection of text-books and works of reference bearing on their course of study.

Your excellency has already allotted sufficient funds to add to the equipment of the normal school a principal's house and a model training school. For both of these buildings plans have been drawn, the contracts are now advertised, and we hope to have the work completed by the beginning of another school year. We shall then have in connection with the normal school a model agricultural rural school, a

model kindergarten, four or five model grades of the regular school work, as object lessons in which the normal school pupils can receive instruction by observation and experiment and by the most approved methods. No labor or expense should be spared in equipping and maintaining and developing from year to year the work of the Insular Normal School. While money spent here does not bring in an immediate return, when the returns do come it means more to the schools of Porto Rico than ten times the cost expended in other ways.

SCHOOL SUPERVISION.

In the present stage of development great stress is necessarily laid upon the necessity of careful supervision of the work of the schools. One general field supervisor, sixteen district supervisors, and three assistant supervisors, who have acted as representatives and assistants to the commissioner, who is charged by law with the supervision of the schools, have conducted this work during the past year. The island has been divided into sixteen districts, and it has been impossible to make these districts contain an equal number of schools. In two or three districts the supervisor has had from seventy to one hundred schools to look after and a considerable territory to cover. In other districts, where the number of schools is not so great, the territory to be covered is greater and the difficulties of communication at times almost insurmountable. The work of the supervisor is hard at best. He must be almost constantly in the saddle and not daunted by any kind of weather or by impassable roads and swollen streams. If he does his work well he is likely to make many enemies, and his work is pretty sure to be at all times the target for criticism and unjust complaint. Considering the difficulties of the position and the poor pay, compared with the incomes of well-qualified superintendents in the States, the physical discomforts and hardships that have to be met, we have a remarkably efficient corps of school supervisors; and this work has been for the most part well done. The legislature at the last session very generously made provision for an increase in the number of supervisors for next year and for an immediate increase in the compensation by allowing each supervisor payment of traveling expenses upon proper vouchers, not to exceed a maximum sum of \$650 per annum. I believe that this action will mean a great deal in the efficiency of school work during the coming year when the plan is fully in operation, and I believe it will be money wisely and judiciously spent.

The supervisor being in the field gets a close-range view of educational matters and of educational progress in his district. While the time did not permit of my securing a full and complete report of the work of each supervisor for the year, I have asked each of them to make a preliminary report and submit herewith, as Exhibit E, a few of these preliminary reports, selected from representative districts.

The department is in daily communication with its supervisors. A large part of the correspondence carried on in the office of the commissioner is in answer to questions from the supervisors or in the form of instructions or suggestions sent to them. For the latter purpose the circular letter is adopted. In these circular letters any questions of general interest to the supervisors of all districts, or to the teachers throughout the island, which may arise in the correspondence with any individual supervisor or teacher, are discussed, and supervisors are required to keep on file at their headquarters a complete set of these circular letters.

•
EDUCATIONAL CONFERENCES.

At the time of the dedication of the Insular Normal School all the school supervisors were called into San Juan to take part in those exercises and at the same time to take part in a conference on various subjects relating to their work. Seven sessions, of about two hours each, were held on three days—May 31, June 2, and June 3—at which the following programme was strictly adhered to:

May 31. Morning session. 9.30 a. m. Dr. Lindsay in charge.

Topics: (1) Educational theories and practice. (2) A general survey of the work in Porto Rico. (3) How to get good teachers and keep them.

Discussion: (1) The relation of the supervisor to the teacher. Opened by Field Supervisor A. F. Martinez. (2) The work of the Insular Normal School. Opened by Principal W. C. Todd.

May 31. Afternoon session. 2.30 p. m. Mr. Heckman in charge.

Topics: (1) The position and work of the teachers of English in the schools. (2) The qualifications of teachers. (3) The course of study and how to grade the schools.

Discussion: (1) Maxims for teachers. Opened by Supervisor Wood. (2) School discipline. Opened by Supervisor Conant.

June 2. Morning session. 9.30 a. m. Dr. Lindsay in charge.

Topics: (1) Supervisors' districts. (a) Boundaries; (b) Visits to schools; (c) Traveling expenses. (2) The school law. (3) School supplies and text-books.

Discussion: (1) Needed changes in the school law. Opened by Supervisor Foote. (2) New text-books and supplies. Opened by Supervisor Miller. (3) How can the supervisor best use and preserve the school property and supplies for which he is responsible? (a) During school year; (b) during school vacations. Opened by Supervisor Lutz.

June 2. Afternoon session. 2.30 p. m. Mr. Pennock in charge.

Topics: (1) The agricultural schools. (2) Agricultural teachers—Americans or Porto Ricans; qualifications; special certificates. (3) Equipment needed. Summer work.

Discussion: (1) What should be taught in agricultural schools? Opened by Supervisor Wells. (2) Should they bear same relation to local boards as the rural schools? Opened by Supervisor Northrup.

June 2. Evening session. 8 p. m. Mr. Hernandez in charge.

Topics: (1) The organization and duties of the school boards. (2) The position of annexed municipalities. (3) The supervision of the finances of the school board.

Discussion: (1) How to proceed to secure removal of a member of the school board and how to proceed to secure suspension of a teacher. Opened by Supervisor Sawyer. (2) Should the school board have more powers or less? Opened by Supervisor Hill. (3) How to arouse the personal interest of every member of the school board. Opened by Supervisor Mellowes.

June 3. Morning session. 10 a. m. Dr. Lindsay in charge.

Topics: (1) A model district. (2) Duties and opportunities of the supervisor. (3) The relation of the supervisor to the department.

Discussion: (1) How to judge a good school. Opened by Supervisor Moore. (2) How to enlist public support for the schools. Opened by Supervisor Ankrom.

June 3. Closing session. 2 p. m. Dr. Lindsay in charge.

Topics: (1) Questions and answers. (2) Unfinished business. (3) The immediate needs of each individual district.

The person in charge of each session treated of all the topics outlined for the session in an address not exceeding twenty minutes in length, after which those assigned to open the discussion on special topics were given ten minutes each, followed by a general discussion in which anyone present was permitted to participate on condition that no one should exceed five minutes or speak twice until every person who desired to be heard had had an opportunity to speak on the topic under discussion.

In addition to the conference of the supervisors, it was found advisable to continue the plan of holding a series of meetings in different parts of the island for the purpose of raising a healthy and active interest in public education and in the public school. For this purpose the commissioner invited Dr. James Earl Russell, the dean of Teachers' College, Columbia University, New York City, and head of one of the best training schools for teachers in the country, and himself a man widely known as one of the leaders of educational thought in the States, and Dr. C. Hanford Henderson, a pioneer worker, writer, and thinker in the work of manual training, physical culture, and other highly important features of modern education, to accompany him on a brief trip to visit some of the schools of the island. These gentlemen very kindly consented to give their services without remuneration and to do what they could to assist in the educational work in Porto Rico. Their traveling expenses were paid by the department, but no other return was made for the very valuable service which they rendered, except the grateful thanks, since expressed in many ways, from teachers and parents in the leading towns in Porto Rico. For eight days they held meetings and gave a series of stirring addresses, and by reason of favorable weather and excellent

preparation for traveling facilities we succeeded in covering a large territory. Starting from San Juan we addressed meetings of pupils, teachers, and general public in the schoolhouses and public squares of the following places: Manati, Arecibo, Camuy, Quebradillas, Aguadilla, Mayaguez, Cabo Rojo, Sabana Grande, San German, Yauco, Ponce, Cayey, Coamo, Rio Piedras, and San Juan. One day as many as seven meetings were held, and notwithstanding the physical fatigue of this rapid trip we met with such enthusiastic reception wherever we went that all felt encouraged and repaid. The general public is much more interested in matters of public education in Porto Rico than in most communities in the States. The people appreciate anything that is being done for the schools. The building of schoolhouses has been to them the most tangible and forceful guaranty of the good faith of our Government. As one coachman I met on the military road said: "During the administration of the Spanish Government we saw nothing but money going out of this country to Spain. Now we see public money being put into buildings for the use of our children." The people are willing to do what they can. They are willing to tax themselves to the extent of their ability, and even more, and they are willing to work for the public schools, but they need much help from outside sources, and if the United States does not encourage this spirit by cooperating with the people of Porto Rico in removing the curse of illiteracy, the United States will eventually look back upon one of the greatest of lost opportunities, while if the Federal Government does come to the aid of Porto Rico in the establishment of an adequate and efficient system of public schools, the time will come when Porto Rico will reflect greater credit upon the American nation than perhaps any other community within the sphere of American influence.

PORO RICAN STUDENTS IN THE UNITED STATES.

Forty-five students, boys and girls, are now studying in the United States at the expense of the Porto Rican government. Twenty of these received an allowance of \$250 a year and are located in the industrial and manual training schools, the majority of them being at Tuskegee, Ala., preparing for careers as artisans. Twenty-five receive an allowance of \$400 per year and are preparing for college and for the various professional schools. They are scattered throughout the smaller colleges and the best preparatory schools in the States, where they receive careful attention and cordial assistance in their work. The reports from the principals of the schools indicate that these boys are doing well. Some of them stand relatively very high in their classes. Several will be ready for college and some have already entered college. The legislature appropriated \$15,000 last year to continue these boys for another year. That amount will be needed

annually if these boys are kept in the States for the period of four or five years, respectively, specified in the laws under which they were sent. The general public has been greatly disappointed that additional boys were not sent during the past year. There was a general impression that it was the intention of the legislature to send each year for a series of years, 45 boys to the States, maintaining those who have been sent in the previous year until they completed their allotted term of study. The department has, therefore, on file many urgent applications of parents who are anxious to have their children sent to the States. Of course none of these can be granted unless there is a vacancy by death or resignation in the ranks of those who have already been sent, or unless the legislature makes additional provision for others to go.

SCHOOL STATISTICS.

Various statistics have been incorporated in different parts of this report and reference has been made to certain statistical exhibits which will accompany the report. I desire to call attention to Exhibit F, in which a statement of the monthly financial disbursements of the department for eleven months ending May 31, 1902, is given, together with a table giving a recapitulation of these expenditures for the entire period and showing the unexpended balance available June 1. Inasmuch as the month of June is one of the regular school months, and the expenditures of the department are chiefly made in the nine school months, it will be seen that the balance available June 1 will be used in the month of June, with the possible unexpended balance at the end of the fiscal year of about \$20,000. This amount should be available in accordance with an act of the legislature for the purpose of establishing industrial schools.

PROGRESS IN ENGLISH.

In order to encourage a more rapid acquisition of the English language, especially on the part of the Porto Rican teachers, the department has decided to hold an annual examination in elementary English open to all teachers in the island, for the purpose of testing their progress and attainments in English. The results of this examination, while not affecting the local certificate nor the renewal of outstanding certificates of teachers, will be entered upon each teacher's certificate in the form of a special mark for attainment in the English language. This entry will enable the school boards, wherever there is a choice of teachers, to select those who have the highest attainment in English in preference to those who have a low mark, or none at all, indicating that they have never taken a public examination in the English language, which is, however, now required of all new candidates for teachers' certificates, of whatever grade. Through the generosity of several private

citizens in the States a fund of \$110 was contributed, in response to an appeal in an open letter from the commissioner, as a prize fund out of which a few small cash prizes have been provided as an additional incentive to meritorious work in this English examination. The examination this year was held on June 7 and, although entirely voluntary, probably 75 per cent of the teachers took it, and many others would have done so but were prevented by illness or other circumstances over which they had no control.

IMPERATIVE NEEDS AND CONCLUDING REMARKS.

In the brief survey given above, based as it is upon incomplete statistics for the year, only the more essential features of the school work in Porto Rico have been touched upon. From these, however, it will be seen that there are many signs of progress. The work is going forward and producing results that those who observe it at close range have scarcely dared to expect. The general result is a tribute to the efficacy of the American free public school, and it is no less a tribute to the intelligence and the noble aspirations of the Porto Rican people. The results can not be measured as readily as those of improved work in sanitation, where the number of deaths in a given year show a gratifying decrease, but the results of improved education are cumulative and their best fruits are harvested a generation after the seed is sown and usually when the sower is forgotten. We are working out, in Porto Rico, new educational experiments; but the work of primary and elementary education established here is based on the foundation of the traditions of the best American schools, and is no experiment. It is worthy of the enthusiastic support of the community, and it is bound to be, as time goes on, the most important factor in the extension of American principles of government, ideals of conduct and of life, knowledge, and attainment in culture and service. With all that is encouraging I should feel that I had failed in the performance of a public duty if I did not point out as clearly as I am able the imperative needs of our schools. I shall do this in the full realization of the impossibility of meeting all these needs at the present time, but in the full confidence that your excellency and those associated with you in the government of Porto Rico, as well as the great American public which follows with so much interest and solicitude the work of the United States in Porto Rico, will realize that there is a value in keeping the needs of our schools permanently and constantly before us until such time as we are able to fully meet their demands.

First of all, we need more schools. We have 50,000 children now in school. There must be at least 350,000 children of school age in the island at the present time. Of these possibly 50,000 would be inevitably deprived by good reasons from availing themselves of the advantages of the public school. We probably have, however, at

least 300,000 children who ought to be in school, and of these we have at present only one-sixth enrolled. Nearly all of our schools have long waiting lists of the names of those being urged by anxious parents for a place as soon as a vacancy occurs. Two hundred and fifty thousand children out of school who should be in school is a serious problem and should weigh heavily upon the public conscience. To furnish school equipment for all of these children would require an expenditure by this department of nearly \$3,000,000 annually, a sum exceeding the total revenue of the island. Even if that sum were available, it would require the expenditure by local authorities of sums far in excess of the total amount now paid for taxes in the several towns and municipalities. We increased last year the budget of the department of education by \$32,000, making the present budget about \$532,000. This budget should be increased next year to \$750,000 as a minimum. The resources of the island will probably allow of such increase, if the legislature deems it of sufficient importance to make it. This will mean a very small step toward the three million, but it will be a step with which the local communities can keep pace and will mean substantial progress in the right direction. This is probably all that the insular legislature can do. It will then have dealt more generously with its public schools, in proportion to its ability, than probably any other community under the American flag. Where any additional help is to come from I do not know, but I do know that in addition to all that the legislature can do we should have next year—

First. At least 100 additional American teachers, and that all of these, together with the American teachers now here, should be paid a minimum annual salary averaging \$600, the increase to be an offset for the cost of transportation to and from the States, which was formerly furnished by the Government. For this item we need \$70,000.

Second. For the buildings and equipment of three industrial schools we need in addition to what the insular government has provided and can provide the sum of \$100,000.

Third. We need immediately an agricultural and mechanical department in the Insular Normal School, the equipment of which for the first year would cost \$50,000.

Fourth. We should have as soon as possible at least one hundred new rural and agricultural school buildings with equipment, to be located in the most needy and backward parts of the island. This item would cost \$200,000.

Fifth. We need for our graded schools in towns and cities immediately at least 20,000 new school desks and other school appliances and apparatus, which would cost about \$75,000.

These items alone, to which many other needs beyond a shadow of a question could readily be added, aggregate a sum of \$495,000. The Federal Government of the United States has been generous in all its

dealings with Porto Rico, and more than just, but a wise and far-seeing statesmanship will point out to the people of the United States that colonization carried forward by the armies of war is vastly more costly than that carried forward by the armies of peace, whose outposts and garrisons are the public schools of the advancing nation. Five hundred thousand dollars for one year, or even that sum for a series of years, would not support a very extensive military campaign. But it would work such a change in Porto Rico as to put beyond the suspicion of a doubt the ultimate and splendid success of the engrafting of American institutions upon a Spanish American stock.

I have the honor, sir, to be, with great respect and sincere thanks for your personal cooperation and assistance,

Your obedient servant,

SAMUEL McCUNE LINDSAY.

To His Excellency the GOVERNOR OF PORTO RICO,

San Juan, P. R.

EXHIBIT A.

Summary of school statistics for entire island for five school months beginning September 30 1901, and ending February 21, 1902.

[These figures do not include high, normal, and special schools.]

	October.	November.	December.	January.	February
Total number of schools open:					
Boys.....	74	103	98	84	8
Girls.....	81	49	47	42	40
Mixed.....	437	679	705	784	752
Total	780	831	850	860	876
otal number of schools in charge of—					
Principal teachers.....	24	27	29	29	29
Graded teachers.....	310	327	337	341	345
Rural teachers	437	465	472	478	490
Agricultural teachers.....	9	12	12	12	12
Total	780	831	850	860	876
Total number of buildings in use for schools:					
Town.....	120	123	125	125	129
Rural.....	438	465	473	482	487
Total	558	588	598	607	616
Total number of American and Porto Rican teachers employed:					
White—					
Males.....	514	544	554	554	564
Females.....	254	275	285	291	297
Colored—					
Males.....	35	36	36	39	40
Females.....	26	30	30	32	33
Total	829	885	905	916	934
Total number of American teachers em-ployed:					
Males.....	30	34	37	30	37
Females	52	63	60	68	62
Total	82	97	97	98	99

9553-02-17

258 REPORT OF THE GOVERNOR OF PORTO RICO.

Summary of school statistics for entire island for five school months beginning September 30, 1901, and ending February 21, 1902—Continued.

	October.	November.	December.	January.	February.
Total number of pupils enrolled as attending at end of month:					
White—					
Males.....	14,240	16,032	17,228	17,734	18,675
Females.....	8,324	9,281	10,006	10,423	11,066
Colored—					
Males.....	5,977	6,669	6,881	6,976	7,064
Females.....	3,761	4,205	4,402	4,497	4,657
Total	32,302	36,187	38,517	39,630	41,642
Total number of pupils enrolled from beginning of school year up to end of month:					
White—					
Males.....	14,591	17,086	18,886	20,517	22,227
Females.....	8,539	9,952	11,123	12,275	13,474
Colored—					
Males.....	6,233	7,336	7,939	8,552	9,119
Females.....	3,922	4,617	5,072	5,517	5,884
Total	33,285	39,031	43,020	46,861	50,704
Average enrollment per school	41.15	43.49	44.48	45.07	46.93
Average total attendance per school.....	599.75	646.61	682.82	612.67	775.77
Average daily attendance per school	32.72	32.81	36.26	32.96	39.56
Average number of days each school was open during the month.....	19.29	19.40	18.72	18.58	19.59
Per cent of attendance.....	78.37	76.22	81.34	76.36	83.66
Per cent of total population enrolled as attending at end of month.....	3.4	3.8	4.1	4.23	4.42
Per cent of total population enrolled from beginning of school year up to end of month	3.5	4.2	4.6	5.04	5.44
Cost of schools to the municipalities.....	\$15,113.69 9.69	\$13,676.23 9.76	\$13,302.30 9.71	\$11,876.03 9.74	\$12,642.21 9.72
Average age of pupils in attendance.....					

Special report on the San Juan high school, giving statistics up to February 21, 1902.

1. Number of classes in school	7
2. Number of pupils enrolled as attending at the end of February:	
White—	
Males	123
Females	60
	183
Colored—	
Males	22
Females	13
	35
Total	218
3. Number of pupils enrolled from the beginning of the year up to the end of February:	
White—	
Males	167
Females	93
	260
Colored—	
Males	33
Females	15
	48
Total	308

Special report on the San Juan high school, giving statistics, etc.—Continued.

4. Total number of teachers employed:

Males	4
Females	7
Total	<u>11</u>

5. Number of American teachers employed:

Males	2
Females	6
Total	<u>8</u>

6. Average enrollment per school..... 31.14

7. Average total attendance per school..... 588.92

8. Average daily attendance per school..... 29.44

9. Average number of days each school kept during month..... 20

10. Per cent of attendance during February 96.98

11. Average age of pupils attending..... 12.91

*Special report on the American school at Ponce, P. R., giving statistics up to
February 21, 1902.*

1. Number of classes in school 7

2. Number of pupils enrolled as attending at the end of February:

White—	
Males	60
Females	103
	<u>163</u>
Colored—	
Males	31
Females	56
	<u>87</u>
Total	<u>250</u>

3. Number of pupils enrolled from the beginning of the year up to the end of
February:

White—	
Males	89
Females	133
	<u>222</u>
Colored—	
Males	53
Females	71
	<u>124</u>
Total	<u>346</u>

4. Total number of teachers employed (all American), females..... 8

5. Average enrollment per school 35.71

6. Average total attendance per school..... 695.35

7. Average daily attendance per school 34.76

8. Average number of days each school kept during the month..... 20

9. Per cent of attendance during February 95.16

10. Average age of pupils attending 12.12

260 REPORT OF THE GOVERNOR OF PORTO RICO.

Special report on San Juan kindergartens and Culebra schools, giving statistics up to February 21, 1902.

1. Number of schools:		
Kindergartens	2	
Rural	2	
Total	4	
2. Number of pupils enrolled as attending at end of February:		
White—		
Males	63	
Females	59	
Total	122	
Colored—		
Males	36	
Females	24	
Total	60	
Total	182	
3. Number of pupils enrolled from the beginning of year up to the end of February:		
White—		
Males	100	
Females	95	
Total	195	
Colored—		
Males	59	
Females	32	
Total	91	
Total	286	
4. Total number of teachers employed:		
Males	2	
Females (two Americans)	4	
Total	6	
5. Average enrollment per school	45.5	
6. Average total attendance per school	725.12	
7. Average daily attendance per school	35	
8. Average number of days each school kept during month	20	
9. Per cent of attendance during February	80.06	
10. Average age of pupils attending	6.88	

Special report on night schools, giving statistics up to February 21, 1902.

1. Number of schools open to date:		
Boys	10	
Mixed	7	
Total	17	

Special report on night schools giving statistics up to February 21, 1902—Continued.

2. Number of pupils enrolled as attending at the end of February:

White—

Males	332
Females	56
	—
	388
Colored—	
Males	235
Females	33
	—
	268
Total	656
	—

3. Number of pupils enrolled from the beginning of the year up to the end of February:

White—

Males	327
Females	88
	—
	415
Colored—	
Males	272
Females	50
	—
	322
Total	737
	—

4. Average enrollment per school.....	38.58
5. Average total attendance per school.....	598.17
6. Average daily attendance per school	32.74
7. Average number of days each school kept during month.....	18.52
8. Per cent of attendance during February	81.04
9. Average age of pupils attending.....	18.76

EXHIBIT B.

Reports by F. M. Pennock on the agricultural rural schools.

AÑASCO AGRICULTURAL SCHOOL.

Location.—This school is situated in a rich river bottom, where the adjoining land for considerable distance is about all owned by one rich man. The local situation is not very different from that of the school at Carolina, it being set near the railway station.

Land.—The soil is good cane land, and, properly ditched, should, with proper care, make good garden land also. The piece has been fenced with three strands of barb wire, and the board promised to at once add a lock gate. The land has been recently plowed, harrowed, and ditched. It was still rough, and no planting had been done. Some suggestions were made the teacher in regard to the further preparation of the soil, accompanied by a practical lesson in the use of the rake, because the teacher, in his easy-going manner and dress, gave the impression of one who would rather teach about work than do it.

Equipment.—Three heavy hoes, 4 shovels, 6 steel rakes, 1 ax, 1 machete, 1 wheelbarrow.

Teacher.—Mr. F. Foucauld, the teacher, speaks Spanish well, and from many years' residence in the West Indies knows about the cultivation of tropical crops in the

creole way. He is following the practice in most of the rural schools in the western part of the island of having a morning school only. Unlike some other more enterprising of these teachers, he is not using the afternoon for instruction in garden work, which was the time of my visit. * * *

Pupils.—For reasons stated above, Supervisor Mellowes and I did not see the pupils. The school has a good enrollment and a fair attendance.

Local support.—The board have not much money at command, but seem to be willing to comply with the desires of the department as fully as may be.

Recommendations.—The school should, I think, be continued, the board being pushed to make its work as effective as possible, by promptly supplying small things necessary besides the annual labor. It might be well to continue Mr. Foucauld next year if the remainder of this year shows pretty good results. He asks for some summer support for work in the garden. I make no recommendation on this point. I am convinced that it would be a great help to such agricultural schools as have valuable crops growing at the time the school session closes to have these crops cared for during the time of the summer vacation by the work of pupils, directed by the teacher. I think these teachers might undertake to do this work for one month's pay.

The following hand tools should be bought to properly equip the school: Twelve light garden hoes, 3 spades, 3 spading forks, 1 single-wheel hoe.

ARROYO AGRICULTURAL SCHOOL.

Location.—The school is placed on a thickly settled road, about a quarter of a mile from the main part of the town. Sugar cane is the sole crop in the immediate vicinity of Arroyo.

Land.—There is not much over half an acre of land with the school. This is unfenced, and, on account of the ruins of former buildings occupying a considerable part of that, not over a fourth of an acre is actually available now for garden, after the space about the schoolhouse comes out. The soil is excellent.

Equipment.—The ordinary quota.

The four rakes are cast malleable, instead of steel, and worthless. * * *

Pupils.—About 25 pupils were in attendance at the school. There are plenty of children to fill it near at hand.

Local support.—Owing the absence from town of the principal members of the board I did not have an opportunity to talk with them, but from the practical failure of the school, their slowness to fence the property, together with information received from Supervisor Haydon, I think they would not be in position to support an agricultural school next year as it should be supported. Arroyo has been annexed to Guayamo, and this action will doubtless make the possibility of local help for this school less than it has been this year.

Recommendations.—I recommend that this school be discontinued as an agricultural school, unless an amount of desire for its continuance and a guaranty of its support be forthcoming from the Guayamo board, which does not appear at all probable now. This schoolhouse can be used to advantage where it is as a part of the graded-school system of Arroyo.

BARRANQUITAS AGRICULTURAL SCHOOL.

Location.—This schoolhouse, which is now being built, is situated on a commanding knoll in the edge of the village. It is a region, like every other in the interior of Porto Rico, which sadly needs the education which these schools are designed to furnish.

Land.—The soil is good, although the land is hilly in some parts.

Local support.—Owing to the fact that the local school board of this place will be abolished on the 1st of next July, when Barranquitas is to be annexed to the munici-

pality of Barros, no official help can be expected from the neighborhood. I should say it would be next to impossible to get any support for this school from the Barros board. I recommend that this school be opened for practical work, if a good teacher can be found.

BARROS AGRICULTURAL SCHOOL.

Location.—Barros is an isolated mountain town which needs an agricultural school badly. The site chosen, near the town, but across the river, which is not bridged, is unfortunate, for it will frequently cut down the attendance, until a bridge can be built, to allow pupils to pass when the river is swollen.

Land.—The soil is good and the lay of the land as even as could be expect in such a hilly region.

The agricultural school has not been opened here yet, the building having only recently been completed.

Local support.—In company with Supervisor Conant and Mr. La Bau, the English teacher, I had a conference with the local school board, the alcalde, and the member of the camera on the character and importance of the work which might be accomplished by these schools. These gentlemen talk as though they would do their part in supporting the agricultural school. I think they really are interested in the improvements which the school is intended to advance. The region is poor and, from what I could see and hear, the methods of the board are unbusinesslike and factious.

Recommendations.—On account of the unreliability of this board, I advise that the opening of this school as an agricultural school be made to depend upon the prompt action of the board in fencing and plowing the land to fit it for work next fall. I should also require of them to put in their budget as much as \$20 for the contingent expenses of this school during the year.

In appointing a man as teacher to this school there are qualifications which come before agricultural or pedagogical abilities. To a good knowledge of the Spanish language should be added resolution and health, with a real interest in practical agriculture. He should be a man familiar with frontier life. He should be an American of the type of Supervisor Lutz, Supervisor Miller, or of Mr. Curt, and then the department should give large credit for modest results at first. If the school is opened I should send Barros a full equipment of hand tools, including, besides those formerly supplied, 3 spades, 3 spading forks, 12 light hoes, 1 single-wheel hoe.

BAYAMON AGRICULTURAL SCHOOL.

Location.—This school is well placed on the road from Bayamon to Toa Alta, about a mile and a half west of the first-named place, in a section where the land is held in rather small tracts and in a vicinity where numerous fruit farms are being established by Americans.

Land.—The soil is a loam underlaid with clay, rather poor in quality, and will require to be fertilized to produce good crop returns. The land appears to comprise less than an acre and is too small for the purpose ultimately. The surface was covered with stumps and quite uneven. A considerable amount of labor has been put upon the land by the pupils of the school in removing these defects, both in stumping and in grading, although there still remains more work of each kind to perform before it is in proper order for satisfactory garden work. The land has been fenced at local expense, but a gate with lock is still needed.

Equipment.—There are on hand 6 heavy hoes, 6 shovels, 12 steel rakes, 2 matchetes, 2 axes, 1 wheelbarrow. This includes the tools provided for the Toa Alta school, except the wheelbarrow. * * *

Pupils.—The pupils, over 20 in number, were at work vigorously stumping during a part of my visit. There are numerous children needing the training of a school garden in the neighborhood.

Local support.—I think the local conditions are favorable for the support of an agricultural school in Bayamon next year.

Recommendations.—I advise that this school be run next year as an agricultural school, provided the board will make a reasonable provision for the necessary incidental expenses, such as manures, horse labor or ox labor, trees, seeds, etc. More land adjoining should also be purchased, but I should not insist upon that point now.

Equipment.—The following tools should be purchased to put the school in condition to do systematic work in the field: Twelve light garden hoes, 3 spades, 3 spading forks, 2 picks with blade and point, 1 single-wheel hoe.

If more land is acquired, the following horse tools should be supplied: One 1-horse cultivator, 1 medium-size plow with roller coulter, 1 smoothing harrow.

The location of the tool house under the school building should be changed at once, as it is so situated as to be flooded by the rain falling off the side of the roof. The tools become rusty in the present tool house, and an unsightly, inconvenient ditch is required to carry off the water from the pit in front of the tool-house door. It should be placed at the end of the schoolhouse.

CABO ROJO AGRICULTURAL SCHOOL.

Location.—This section of the island is one where the products are quite varied already. The site, a short distance south of the town, is a good one.

Land.—The land, when the depression through the middle of it is properly drained, will be satisfactory, the loaming quality of the soil adapting it to almost any crop produced in Porto Rico. It is unfenced.

Equipment.—The regular supply of hand tools furnished these schools by the department. * * *

Pupils.—The enrollment and attendance have been only fair, but the school is situated in a populous district, and a practical, progressive agricultural teacher who knew local needs could build up a strong school there.

Local support.—The board will give better support to the agricultural school next year if a more practical and energetic teacher is supplied. To overcome the poor start made this year he should be a man well versed in agriculture and Spanish. I am satisfied that a man really fit will have good local support; and that all the other conditions are at Cabo Rojo for a strong, useful school, if they are called out by the proper teacher. There is no school supervisor whom I have met so well qualified to assist an agricultural teacher as Mr. Miller.

Recommendations.—I think the agricultural school at Cabo Rojo should be continued next year with a particularly strong teacher, provided the local board will agree to fence the land, including supplying a secure gate, and provide a fund, if only a small one, for contingent expenses. The following tools should be provided before a teacher can give systematic instruction in gardening to even half of a normally constituted agricultural school, as we have them now: Twelve light garden hoes, 3 spades, 3 spading forks, 1 single-wheel hoe.

CAROLINA AGRICULTURAL SCHOOL.

Location.—The location of this school is not good, it being placed immediately adjoining the station of the French Railway. There are no small proprietors nor renting farmers near it who are interested in such minor crops as can be cultivated in a school garden.

Land.—The land is a rich clay loam, suitable for sugar cane and grass, but would serve the purposes of the school work also. It is unfenced, and the first attempt at plowing was being made with poor success (because of the hardness of the soil and of the poor plow which had been tried) on the day of my visit. * * *

Pupils.—The pupils are practically all young negroes from the village. The enrollment and attendance were both low—i. e., 20 and 14. Some allowance should be made in this case for the fact that this school, which was started in April of last year with an enrollment of 60, under a Mr. Graves, became demoralized and ran down to eight pupils.

Local support.—For reasons stated above, the local support for successfully carrying on an agricultural school is not now forthcoming in Carolina.

Equipment.—One wheelbarrow, 2 hoes, 4 rakes, 4 shovels.

These rakes were malleable iron, a material utterly unfit for such a tool. They are bent and broken so hopelessly by a small amount of work around the schoolhouse as to be utterly useless.

Recommendations.—A conversation with the president of the school board and with the alcalde shows them to be in favor of abolishing the agricultural school and of utilizing the building for a town school. Supervisor Northrop approved of this proposition, and I recommend that such action be taken.

GURABO AGRICULTURAL SCHOOL.

Location.—Gurabo is a section which needs and should support an agricultural school. The site on the stone road from Caguas to Humacao, near the village of Gurabo, is such that the work of the school is in plain view of many people passing.

Land.—The soil is rather heavy for good garden and fruit land. In front of the schoolhouse is a ridge of clay and soft rock which the contractor was to remove, I am told, but which has caused much work for the teacher, as it was left high and rough. The land is fenced, but in a very imperfect manner, such as to endanger the safety of the crops.

Equipment.—The worthless cast rakes of this school have been worn out. The tools are 4 shovels, 6 Warren hoes, 5 heavy hoes, 1 machete, 1 ax, and 1 wheelbarrow. * * *

Pupils.—The attendance is fair, but would be much larger from the hill country if some easy plan could be provided for conveniently preparing a simple meal for the children at midday from articles brought from home or raised in the garden. Little children who walk a long distance and then put in a forenoon in school without having eaten much in the morning are in no physical condition to work in the afternoon without food. This question, of course, does not arise in Ponce and not to the same extent in some thickly settled sections as at Sabana Grande, but it will be a pressing one in the interior, where these schools are most urgently needed. It will have to be met or the attendance will be small, and on account of some pupils remaining to work who are not sufficiently fed the results will be not so good as might otherwise be realized.

Mr. Huff called my attention to a real need in all these schools when they get to working properly—i. e., the want of a suitable place for the children to wash their hands, a place which should not be in the schoolroom. He suggested that a part or the whole of the porch be made into a vestibule for this purpose and as a place to keep the drinking water and filter with which this school was supplied.

Local support.—There has been no cash appropriated to help this school the past year. Supervisor Sawyer and I interviewed the board and received assurance that some provision would be made for the agricultural school next year.

Recommendations.—I advise that the school be continued as an agricultural school; also, that Mr. Huff be retained as the teacher. I should make it a condition, however, that the board agree to make the fence and gate secure and set aside at least \$3 per month for the school year as a contingent fund for the use of this school.

This school should have at once 6 steel rakes and 8 light garden hoes. Later, a single-wheel hoe. If more land is obtained, it should have a plow, a harrow, and a one-horse cultivator.

JUNCOS AGRICULTURAL SCHOOL.

Location.—The site of this school is in all respects excellent. Juncos is in a section which, like Lajos, produces most varied products. The schoolhouse stands prominently on the stone highway west of the town.

Land.—The soil is a rich, dark-colored loam, probably as good as if not better than the soil belonging to any agricultural school on the island. This schoolhouse was only finished a few weeks ago and is not occupied.

Local support.—Juncos, judged by the intelligence and enterprise of its president of the school board and alcalde, is one of the most progressive towns in Porto Rico. The municipality is out of debt, and contemplated a policy of regularly building two schoolhouses a year. The municipality has, however, been abolished and annexed to that of San Lorenzo.

Supervisor Moore was, it seems, incorrectly under the impression that a local school board could be formed in any barrio, upon proper petition to the commissioner. Hence no effort was made, except Mr. Moore's suggestion, to plan for local help next year.

Recommendations.—The plant and surroundings at Juncos are favorable for a successful agricultural school. A school should be opened next fall fully equipped with hand tools, and a good teacher placed in charge. The San Lorenzo board should be asked to appropriate money for a contingent fund, and, failing in this, a local subscription should be raised. In Juncos I feel sure this could be done if the school took up tobacco growing seriously.

Equipment.—If the school is opened there should be on hand the following: Fifteen-light garden hoes, 6 steel rakes, 2 heavier hoes, 1 shovel, 1 axe, 1 machete, 1 wheelbarrow, 3 spades, 3 spading forks, 1 single-wheel hoe.

LAJAS AGRICULTURAL SCHOOL.

Location.—This is a rich agricultural district. Owing to the variety of its soils it produces well almost every crop of the island. It is noted for the finest pineapples grown on the island. The school is well situated, a mile southwest of the town, at Candalaria, close to where the cane land of the bottoms joins the hill country, whose chief crops are coffee and pineapples.

Land.—The amount of land is small, not large enough to allow of the proper development of the school. It has a number of handsome trees, too many for the most satisfactory results with many crops, and their presence interferes with the possibility of working horse tools to advantage. These trees, however, add much to the beauty of the spot, and furnish a shade for the coffee, which is one of the crops of the school. The grounds are fenced.

Equipment.—This school has the ordinary complement of tools at first supplied to these schools. * * *

Pupils.—This school has a small enrollment and a low average attendance for causes above stated.

Local support.—From conference with some members of the Lajas local school board, and with Mr. Vivones, one of the most intelligent agriculturists whom I have met in Porto Rico, who is a prominent Lajas cultivator, and the representative in the camera from Lajas, I feel sure that a good agricultural school will not fail of support there.

Recommendations.—I heartily indorse Supervisor Miller's suggestion in regard to the proper handling of the Lajas agricultural school for next year, which is to put it in charge of Mr. Pagan. He should be paid more than a rural teacher's wages if he can prove his capability in the agricultural part of the work. He is a practical farmer, and has been compelled to resort to such work to keep his family during vacation months. He erected the new desks sent to his school and put them in

place. Mr. Pagan's ability as a teacher would bring all the larger boys from both schools into the agricultural school.

The following tools should be added to the equipment of the school: Three spades, 3 spading forks, 1 single-wheel hoe, 6 light garden hoes.

LAS MARIAS AGRICULTURAL SCHOOL.

Location.—This town, situated well up into the interior of the island, the coffee-producing country, where the American occupation has produced the least direct improvement in economic conditions, where the need of more export crops and better paying ones is most keenly felt, is a place where an agricultural school is more urgently called for. The site is upon the Mayaguez road, about half a mile before Las Marias is reached, and it has been wisely chosen.

Land.—The land is unfenced, and covered by trees, bushes, and coarse grass. It will need manuring, as will all the school lands, to a greater or less degree, to produce good results. The board promised to enlarge the limits of the grounds to at least 1½ acres, clear it, plow it in the near future, and have it planted to crop, so that the soil would be ready for school garden purposes next fall.

The scarcity of manure was spoken of. I suggested growing a leguminous, nitrogenous collecting crop, like cowpeas or velvet beans, this summer, to be plowed under for fertilizer in August. They requested that the Department send them seed to be used for this purpose.

Equipment.—As yet no tools have been sent to this school. * * *

Pupils.—There are plenty of pupils within easy reach of the school to insure it material to educate.

Local support.—This will be satisfactory, intelligent as well as willing, provided the teacher, besides his other qualifications, is tactful and knows a fair amount of Spanish.

Recommendations.—I should have an agricultural school conducted at this place next year. I should furnish the full equipment of hand tools, as enumerated in the report for San Sebastian.

LAS PIEDRAS AGRICULTURAL SCHOOL.

Location.—This school is situated on the main highway, a short distance from the village, to the eastward. It is a rather poor country neighborhood, and depends on the school board of Humacao. There is abundant need for the work of the school in the neighborhood, however.

Land.—The soil is a sandy loam, rather thin, and underlaid by yellow clay. The grounds are unfenced. I think that this soil would produce fine leaf tobacco.

Equipment.—The supply of tools is quite inadequate, being 3 hoes (heavy), 6 rakes, 4 shovels, 1 ax, 1 machete, 1 wheelbarrow.

Pupils.—* * * The school, with about 20 in attendance, was being dismissed when Supervisor Moore and I arrived there from Juncos, so that I did not see the teacher at work in the schoolroom. Mr. Yates has made a real effort to do outside work, in spite of having had almost no help from his board.

Recent heavy rains and his sickness before my arrival might excuse the weedy condition in which I found his crops. * * *

Local support.—The president of the Humacao school board told me that shortage in the amount of money in the school fund had prevented them doing what should have been done for the agricultural school at Piedras this year. A larger per cent was contemplated, to be appropriated for education in the municipal budget for the coming year, when the board would help the school.

Recommendations.—Continue the agriculture work, provided the board properly fence the grounds and set aside a fund for contingent expenses required for the successful conduct of the school next year. If the practical work goes on, supply 12 light garden hoes, 3 spades, 3 spading forks, 1 single-wheel hoe.

PONCE AGRICULTURAL SCHOOL.

Location.—This school is favorably placed on the Guayama road in a suburb about a mile east of the center of the city.

Land.—The quantity of land, not over an acre, is too small for the development of a good school of the importance of Ponce. The land available for garden work is also curtailed by the position chosen for the schoolhouse. Another acre of land should be added. The work of fencing was being begun. The quality of the soil is excellent.

Equipment.—This school has the usual equipment of hand tools furnished by the department. * * *

Pupils.—The students of the school were nearly all colored. The school has full enrollment and a good average attendance.

Local support.—I saw, by arrangement of the supervisor, Miss Ankrom, the secretary of the board, three members of the camera from Ponce and some other influential citizens who are helpful in bringing about action needed by the board. These gentlemen all seemed interested in that Ponce should have a good agricultural school and thought the local authorities could be counted on to do their part in the matter. The secretary of the board asked me for specific suggestions to improve the effectiveness of their school, and would accept another site for another agricultural school on the Adjuntas road, which had been offered for the purpose. I replied that I was traveling to ascertain the condition of the schools and had no authority to make any provisions or working suggestions for the department. Simply as an individual, I gave him the judgment that they must establish irrigation, by putting in a well, a pump, and wind mill with tank, before any real garden work could be done, that they should buy more land, and then agreeing to this, ask the department for another teacher to look after the scholastic part of the work. Another building adapted for nature study, the storage of the tools, and for the growth of some sample house plants for experiment, should be built for the agricultural work. The school would then be in position to do practical work every day, and then it could care for more students, and carry them much further than is possible otherwise.

Recommendations.—I recommend that irrigation be arranged for, and more land obtained at Ponce, so that practical work, on a fair scale, may be made possible during the dry weather, which is due in Ponce during over half of the school term. This work should be done as soon as possible, so as to be ready in October or November.

Then, I think, plans should be made looking toward putting in another teacher, and a building for agricultural work. I should reappoint Mr. Copper. I should give him a month's salary if he will take care of the garden during the coming summer, giving instruction to students a part of the time.

The following additional equipment is needed: Twelve light garden hoes, 3 spades, 3 spading forks, 1 single-wheel hoe. If irrigation is put in by the local board, 100 feet of three-quarter inch hose, in two lengths, arranged with couplings for use separately or together; a lawn mower. If the additional land is purchased, 1 medium size plow, with roller coulter, 1 smoothing harrow, 1 one-horse cultivator.

I also indorse Miss Ankrom's suggestion to secure a bookcase for a school library.

Another site offered.—A beautiful and suitable site for another agricultural school has been offered the department, on the Adjuntas road, a mile northwest from the center of the city, but I think it would be premature to accept it now.

• QUEBRADILLAS AGRICULTURAL SCHOOL.

Location.—This school, which stands on the road leading to Arecibo, a short distance west of the town, is well placed.

Land.—The soil is a sandy loam, suitable for the cultivation of fruits, vegetables, and the varied minor crops of Porto Rico, including tobacco.

There being a lack of funds on hand to fence the property, a crude fence of the thorny malla was constructed, which, while not the most desirable style for various reasons, has served to keep off the stock. * * *

Pupils.—About 30 pupils were present, doing good work, when I visited the school.

Local support.—The local board are interested in the work of the school, and, if circumstances permit next year, would give it such backing as the means of a rather poor neighborhood would warrant. Unfortunately, I think, the management of the Quebradillas schools will rest in the hands of the Camuy board next year. Supervisor Hutchinson and myself had a conversation with the president of the board, suggesting the importance of local, personal interest in this work, even if the official control of the schools rests in a board situated in an adjoining town. It was thought by the president of the board that a sum, probably \$50, might be raised in the neighborhood to support the school and to show the Camuy school board what should be their attitude toward it.

Equipment.—Three Porto Rican hoes, 8 Warren hoes, 6 steel rakes, 4 shovels, 1 machete, 1 ax, 1 wheelbarrow.

Recommendations.—Continue the agricultural features of the school, trying to get local support to supplement the official support of the new Camuy board.

Tools.—Add 4 light steel-blade hoes, 3 spades, 3 spading forks, 1 single-wheel hoe.

RIO GRANDE AGRICULTURAL SCHOOL.

The agricultural school at this place is being used for a rural school.

The land, about an acre, is unfenced and now in coarse grass. It is a heavy loam and for garden purposes would be helped by some drainage.

Tools.—There are 6 steel rakes, 4 shovels, 3 hoes, 1 ax, 1 machete, and 1 wheelbarrow. None of the shovels supplied by the department are suitable for gardening. There should have been sent in their place light spades and garden forks. The shovels sent are straight-edged contractor's shovels for handling loose earth and broken rock. They are not fitted for digging, but can be used with the wheelbarrow to dress walks. The hoes are the broad style used by men in the cane field. They are not light enough for most kinds of garden work, especially when the workers are little boys and girls.

Interviews had with the secretary of the local board, with citizens, with Supervisor Hill, by telephone, and attendance at the flourishing night school indicated that good support can be counted on if a competent teacher be placed in charge of the work. The vicinity of Rio Grande needs an agricultural school.

Recommendations.—I suggest that the department offer to furnish the local board, through Supervisor Hill, an agricultural teacher and some additional tools for the school next year, provided that they will fence the land properly, supplying a suitable gate with lock, and have it plowed, cross-plowed and harrowed, as soon as it can be conveniently done. If this is attended to within a short time a crop of corn or beans can be taken off before school work begins in the fall, which might be done in this case for the crop, as there is no stumping.

I should also ask the local school board to provide a fund for contingent expenses required to make the work of the school effective. Horse and ox labor, manures, trees, plants, seeds, poles, garden lines and a water barrel are among such expenses as may be urgently needed for the good of the school. I should request a definite reply from the board as soon as possible so that the department may know whether or not the local interest is sufficient to warrant the establishment of an agricultural school for the coming year.

The tools most urgently needed are 12 light garden hoes, 3 spades, 3 spading forks, 1 single wheel hoe with adjustable plow and weeding steels.

Grading the pupils.—There are about 25 pupils attending this school, many of them quite young, with a good agricultural teacher in charge, who knew both tongues. I think the school would be largely attended and the youngest children could then be advantageously sent to the town schools.

SABANA GRANDE AGRICULTURAL SCHOOL.

Location.—This school is well located on the road to San German, about half a mile west of the town. The neighborhood is favorable for conducting a good agricultural school.

Land.—The land, which is on the east bank of a small river, is alluvium, containing a good mixture of sand and clay. It is fenced, but the posts are poor and the work not well done.

Equipment.—The original equipment with Warren hoes added. * * *

Local support.—Much credit is due to Supervisor Foote and to the local school board of Sabana Grande for the success of this school. It must have taken persuasion on the part of the former, and faith on the part of the latter, to have given the new American teacher, who knew no Spanish, the opportunity to win success.

There is no doubt, I think, that the board can be counted on to support the school better in the future, as they and the leading citizens seem to appreciate its possibilities and the beginning made.

Recommendations.—Continue the school with Mr. Curt in charge of it. I do not know of a teacher who would make such good use of horse implements as he.

The following additional hand tools are needed: Three spades, 3 spading forks, 1 single wheel hoe, 6 light garden hoes.

SAN SEBASTIAN AGRICULTURAL SCHOOL.

Location.—An agricultural school is much needed at this place. It is naturally a rich country, with scarcely any product to sell except coffee, and that industry is in a depressed state. The site is not the best, being a mile and a half beyond the town and from the Aguadilla stone road. It is also placed across an unbridged stream from San Sebastian, which frequently becomes impassable in the wet season.

Land.—The land now granted to the school seems not to be well defined, is very broken, and some of it covered with bushes. Adjoining the present location is a bank sloping in the form of an amphitheater, which is much better adapted for being laid out into a systematic agricultural site than the small rough bit of ground in the middle of which the schoolhouse stands. It is unfortunate that this school was not placed west of the town, on some more even plat of land, upon the Aguadilla road.

Equipment.—There are no tools at the school. * * *

Local support.—A full interview was had with the intelligent president and secretary of the local school board. They fully understand the importance of the work in view for these schools, and are willing to assist such a school if convinced that its work will be practical, but they doubt the possibility of anything worth while from a teacher unless he knows Spanish. They, not unnaturally, think that unless the teacher can talk to them and to his pupils freely, his work in teaching in Spanish and agricultural operations would not be worth the trouble.

Recommendations.—I should offer, through Supervisor Wells, to put into the school a Spanish-speaking agricultural teacher if the board will buy for the school an acre more land adjoining the present site, the particular piece of land referred to above, provided they will also fence and prepare it, and furnish a fund for contingent expenses. The department would of course agree to furnish the ordinary equipment of hand tools, with some extra for stumping, as follows: One wheelbarrow, 2 machetes, 2 grubbing picks, 3 spades, 3 spading forks, 3 heavy hoes, 12 light garden hoes, 6 steel rakes, 1 single-wheel hoe.

TOA ALTA AGRICULTURAL SCHOOL.

Location.—This school is well located, about a third of a mile beyond the town, upon the Telford road to Corozal. It is in a hilly but productive district, suited to diversified farming and fruit growing.

Land.—The grounds belonging to this school are about an acre in extent. The soil is a dark-colored clay loam containing some gravel and humus, and is well adapted for garden use. It also has a gentle, even slope, adapting it to irrigation and facilitating proper drainage. There is a never-failing spring of water near at hand which might be availed of for irrigating. The property is unfenced, and no work has been done outside the schoolhouse.

Equipment.—One wheelbarrow. * * *

Pupils.—The attendance is only fair; 32 in an enrollment of 44, he told me, was the average. About 25 were present when I visited the school.

Support.—The local board report that they have not been able to do what should have been done for the school on account of funds, and that the fault lies with their alcalde. They very decidedly do not wish to have the agricultural feature dropped from the school's work next year and promised aid.

Recommendations.—I advise that this school be continued in the list of agricultural schools, provided the board take steps as promptly to properly fence, plow, and harrow the school land, and make some provision for contingent expenses. When the action recommended above has been taken by the local board, I advise that the tools originally intended for Toa Alta school, i. e., half of the small tools at Bayamon school, be sent to the former and additional tools be furnished as follows: Twelve light garden hoes, 3 spades, 3 spading forks, 1 single-wheel hoe.

UTUADO AGRICULTURAL SCHOOL.

This school is upon the road from Arecibo as you enter the town. It is an excellent site and has the opportunity for irrigation at hand in a fine stream which borders the property on the Utuado side, and from which water can be piped at a slight expense so as to water the whole surface of the garden by gravity. The fall of the stream is so great that but a short length of pipe would accomplish this end.

Land.—The soil is a sandy loam, well adapted for the growth of fruits, vegetables, corn, and a fine quality of tobacco. Some grading of the surface is advisable, and if a satisfactory system of irrigation should be introduced, is indispensable.

The school has not been opened as yet, having been but recently completed.

Support.—At Utuado I found a local board of more than ordinary intelligence and progressiveness. They have the belief that a properly conducted agricultural school will benefit their community. They have a candidate for agricultural teacher in Don Federico Legrand, a man of considerable attainments in chemistry, botany, and other sciences upon which agriculture depends. Mr. Legrand is a practical cultivator. This gentleman is the author of several scientific works, one of which has been published, and has a number of medals and diplomas for scientific writings and for food products from societies and expositions in Spain, Porto Rico, and the United States.

The board informally agreed to set aside \$200 as a special fund to support this school for the coming year, provided Mr. Legrand is selected as teacher.

Recommendations.—The nomination of the Utuado board is strongly seconded by Supervisor Lutz, who knows the man and the local conditions. Mr. Legrand is a fine type of an educated Porto Rican and has studied chemistry in Barcelona, and I think him likely to succeed as an agricultural-school teacher, and indorse his appointment to teach the school at Utuado.

EXHIBIT C.

Report of the principal of San Juan High and Graded School.

Dr. S. M. LINDSAY, *Commissioner of Education, San Juan, P. R.*

SIR: I have the honor to report that the high school opened September 30 with a total enrollment of 204 pupils. More than a hundred were refused admission to the lower grades because of lack of accommodation. The parents struggled for precedence in the waiting line, so eager were they to be sure of securing a place in the school for their children, and at times the line almost became a mob, each eagerly pleading his own cause and his special reasons for being considered next. Even at this date, before the close of this year, parents come to have their children enrolled in the classes for which they are fitted, in order that they may be considered members of the school next year.

Special stress is laid on promptness and regular attendance. While the attendance last year was 87 per cent, the highest on the island, this year it reaches up to date 96 per cent, a gain of 9 per cent over last year.

The school has been conducted as a whole with much more smoothness than ever before. This has been due partly to the fact that many of the former teachers, conversant with the school and characteristics of the children, returned to their posts. Moreover, there has been a greater tendency than ever before on the part of the pupils to comply with the rules and regulations laid down for the government of the school.

The attitude of the pupils toward the work has been most gratifying. They have learned proper methods of study and applied them, gaining greatly in ability and mental development. Signs of what might be called an intellectual awakening have appeared in various ways, but in no manner more gratifying than in their desire for reading matter. It was for the purpose of founding a school library that the pupils held public exercises in the theater at Christmas, realizing thereby the neat sum of \$122.15. The books purchased with this money, together with those donated by outside friends, as well as those given by the department, form a library of 210 well-selected volumes, a very creditable school library.

Appropriate exercises were also held on Thanksgiving Day, Washington's Birthday, and Memorial Day.

The taste for good reading that is being daily inculcated was probably the incentive that led to the formation of the Borinquen Literary Society. This is composed of the members of the Spanish and English high schools and meets bimonthly. The keenest interest is always evidenced in these meetings, conducted exclusively by the pupils themselves.

In proportion as they have applied themselves to their studies, the pupils have also interested themselves in athletics. The boys have a baseball team creditable to any high school in the States, and proudly wear their colors which have been so often victorious.

The lower grades are more evenly graded than formerly, and can, therefore, do better work and follow more closely the course of study as laid down by the department. The grammar grades have been divided, each section being assigned to a teacher who has direct and personal supervision of the class.

Yours, respectfully,

OLIVER B. KERN,
Principal High and Graded School, San Juan, P. R.

EXHIBIT D.

School teachers of Porto Rico.

No.	Class.	Annual salary each.	Citizens of Porto Rico.	Citizens of United States.
2	Night school teachers.....	\$225	\$450	.....
488	Rural school teachers.....	270	131,760	.....
178	Graded teachers	360	64,080	.....
1	....do.....	360	.....	\$360
123	....do.....	450	55,350	.....
79	English teachers.....	450	.....	35,550
9	Graded and night teachers	540	4,860	.....
21	Agricultural and English teachers	540	.....	11,340
29	Principal teachers	675	19,575	.....
6	....do.....	675	.....	4,050
1	Principal and night teachers	765	765	.....
1	High school teachers	900	900	.....
8	High school and special teachers.....	900	.....	7,200
2	Normal school teachers.....	1,000	2,000	.....
4	....do.....	1,000	.....	4,000
1	High school teachers	1,035	1,035	.....
2	....do.....	1,035	.....	2,070
1	High school principal.....	1,125	.....	1,125
1	Normal school principal.....	1,500	.....	1,500
2	Janitors.....	360	720	.....
1	....do.....	240	240	.....
Total.....		281,735	67,195	

EXHIBIT E.

Reports of Supervisors, June 9, 1902.

1.—REPORT FROM FIELD SUPERVISOR.

Dr. SAMUEL M. LINDSAY,

Commissioner of Education, San Juan, P. R.

SIR: I have the honor to submit to you the following report as field supervisor of the public schools in Porto Rico, and also as acting supervisor of district No. 1, San Juan, for the year ending June 30, 1902:

The work throughout the island has been on the whole satisfactory, and in my opinion we have achieved more than we had a right to expect. Whenever we take into consideration the different sort of education to which the people of Porto Rico were habituated, we must realize that to implant a new system of schools is a question of time, labor, and perseverance. I am glad to say our teachers and pupils have begun to accustom themselves to our public-school system, which is undoubtedly far better than the one they had.

I do not think I need to mention the increase of our public schools and the number of children attending them to-day. This matter you know perfectly well. As I have not been able to visit the whole 16 districts of the island, I regret that I can not give you a thorough report on each of them, but I beg to say that the districts that I have visited I have found to be in quite a flourishing condition, taking everything into consideration. During the year we have had a few little troubles that have been settled quietly. Of these cases you have separate reports in the office file of the department.

Since April 1 I have had charge of district No. 1 as acting supervisor in the place of Mr. William H. Armstrong, resigned. Although the former supervisor will no doubt give you a report of the district for the time that he had it under his charge, I respectfully submit to you the following:

In taking charge of the district I am glad to state that the local school board, composed of very good men, were willing to assist the department in everything pertain-

ing to the advancement of education, and that they expect to better the condition of the schools for the coming year by opening several new grades, and making some repairs to the buildings that they now have. The teachers fulfilled their duties satisfactorily, and the general work gives good results.

I am also glad to report that the local board have met all their financial obligations, and that for the next year they will have a budget of about \$30,000, with which amount the public schools of the district of San Juan will be greatly improved.

On the 7th of June English examinations were held in this district. About 90 per cent of the teachers were examined, and although some of them perhaps made a poor showing in the English language they all showed a very decided interest in acquiring it, and the department will find that next year these examinations will give still better results.

All the difficulties mentioned in the last report about the school houses and the need of furniture and sanitary improvements will no doubt be remedied this coming year, as the finances of the school board are in a quite prosperous condition.

Respectfully submitted.

ALBERT F. MARTINEZ, *Field Supervisor.*

2.—REPORT FROM DISTRICT NO. 3.

Dr. SAMUEL M. LINDSAY,
Commissioner of Education, San Juan, P. R.

DEAR SIR: During the present year 46 schools, 2 of which are night schools, have been opened in district No. 3. Of these 46 schools, 18 are graded and 26 are rural. There is one principal teacher and five English teachers.

School buildings, with but few exceptions, are reasonably satisfactory, although only two of them have been built for the purpose. These are the Fajardo graded school building and the Rio Grande agricultural rural school building.

Enrollment and attendance this year are much better than last, and this is most noticeable in rural schools. Attendance in many cases, even in rural schools, has for months been 90 per cent and seldom lower than 75 per cent.

The teachers have shown a wonderful improvement over the preceding year. They are doing more thorough and practical work; insist upon more earnest thought and careful study, and, last, but not least, maintain better order than they did a year ago.

It has been mentioned above that the enrollment and attendance is much better than last year. It is easy to find the reason for this: The whole community, from the alcalde down to the poorest family, is threefold more interested than a year ago, and I am satisfied that this interest will continue to grow, unless some disturbing political influence is brought to bear on the people, and even this could only temporarily arrest the movement.

Do not think from my cheerful view of the conditions in my district that I am satisfied—far from it—but I am very hopeful for the future.

Very respectfully, yours,

EDGAR L. HILL.

3.—REPORT FROM DISTRICT NO. 4.

Dr. S. M. LINDSAY,

Commissioner of Education, San Juan, P. R.:

DEAR SIR: I respectfully submit to you the following report on school work in the islands of Vieques and Culebra.

The municipality of Vieques, to which Culebra has been annexed by the last legislature, forms, supposedly, part of the fourth district of this island. Practically,

however, both islands have been in charge of an assistant supervisor since September 30, 1901. As a consequence of this home supervision, the public schools have been better supplied with the necessary materials, and they have been visited and supervised more regularly and effectively than would have been possible otherwise. The result has been a general improvement over past years, and to-day the standing of the schools of Vieques is not at all below that of the average school of Porto Rico.

The public demand for education is no less pressing in Vieques than on the main island. The members of the school board and the various other town authorities have done much in the past to further the cause of education. They are desirous to do even more in the future. If a sum of money be available to erect a schoolhouse in Vieques the municipal council of that town will willingly devote an equal amount to the same purpose, if too rigid restrictions as to the manner and time of payment be not imposed upon them.

The need of a modern schoolhouse in Vieques is very imperiously felt, as there are no buildings adapted to school purposes. The average enrollment in each of the five graded schools of the town has been as high as 62. We could have admitted many more but for lack of sitting capacity.

Another difficulty to be contended with is the lack of teachers. Few of these—good ones least of all—will stand the monotony and isolation of a residence in Vieques or Culebra if they can obtain employment on the main island. This accounts for the fact that the full quota of teachers allowed to Vieques was not completed till this school year was already drawing to a close. In case you deem it expedient, the Vieques school board will next year increase the salaries of all its teachers with a view to retain the good men it has and secure additional ones.

In spite of these difficulties, the future of education in Vieques appear especially bright. To-day we already have a percentage of 8.23 of the total population enrolled in the schools. Few towns in Porto Rico can show such a figure. The schools are well attended; the percentage of enrolled pupils attending daily oscillating between 70 and 80. Good work is being done in all of the schools. Public interest has been aroused. The cry is for modern, trained teachers. One noteworthy feature of the educational situation in Vieques is that a large percentage of the population know English, and that in a comparatively short time English can be made the prevailing language of the island.

Very respectfully submitted.

M. A. DUCONT, *Assistant Supervisor.*

4.—REPORT FROM DISTRICT NO. 5.

CÁGUAS, P. R., June 6, 1902.

Dr. S. M. LINDSAY,

Commissioner of Education, San Juan, P. R.

SIR: I have the honor to transmit herewith the following brief report on the schools of this district during the past year.

A period of two years' uninterrupted residence in Porto Rico has convinced me of the efficiency and strength of the American school system, and its ready adoption and wide extension on this island in so brief a time speak well for the ability and power of the native teachers and the central authority under whose direction this system has been successfully carried forward.

The improved conditions of communication, a somewhat clearer and conciser knowledge of plans of the department of education, a brief but sufficiently liberal set of school laws enacted April, 1901, a growing sense of pride and satisfaction among their municipalities in their new school buildings, the abundance of textbooks and supplies which have been placed in every school on the island, and,

finally, the strong and efficient aid given by prominent Porto Ricans in the cause of popular education have tended to rapidly remedy, in part, the appalling state of ignorance and distrust with which the American school system was first greeted in Porto Rico.

Various other agencies are also constantly at play in pushing American methods in school work to the front. The wide-awake, alert, energetic Porto Rican teachers have contributed and are contributing valuable assistance in this general advancement. American teachers, fresh from the States, with restless energy and desire to cope with and overcome the retarded conditions in school management, are factors to be counted upon. The local school boards, some of which, as that of Cayey, are composed of men with a university education, men whose ambition it is to see this immense per cent of illiteracy at present existing in Porto Rico wiped out by the prompt establishment of a widely extended public-school system, men who, body and soul, are thinking and working and cooperating in every possible form for the extension and improvement of our schools, have rendered important services. Lastly, the department of education and its agents, the supervisors, by their tact, sincerity, and fair dealing within the last two years, have convinced people and teachers that no ulterior motives of aggrandizement or self-interest have actuated them, but rather a common interest with the people of Porto Rico for their progress and advancement.

The English language—which is in charge of American teachers where a system of graded schools exists, except in Cidra—has made satisfactory progress during the year, although a few teachers by lack of tact and newness to conditions here were handicapped in securing the fullest results of their work. In the rural districts as yet the opportunities are so limited that few teachers and pupils have made the desired advancement. However, a few teachers by great perseverance and long rides to town every week have put themselves on a level with the graded teachers in their knowledge of English.

A curious fact may be noted here, a question, it may be, of rivalry between the two languages prevailing on the island.

The attention and care which is given to correct spelling in English is offset by the frequent errors and mistakes to be seen in Spanish orthography, even among pupils of the upper grades, and frequently among teachers. The exactness shown by American teachers in this particular is leading many native teachers to give greater emphasis to spelling in their own language, and may do much toward correcting many other faults inherent in the Spanish language as spoken here.

I have further to say that in Caguas there has been a decided improvement in school organization under the direction of the principal of schools. Each of the graded teachers was placed in charge of one grade and required to specialize in that grade. The studies marked for that year in "Course of study" were carefully and faithfully followed. In Cayey, where the principal also was employed, the results have not been so satisfactory, owing to the brief time and inexperience of a teacher in this position. The crowded and poor condition of schoolrooms also contributed somewhat, but these defects will be remedied the coming year with a new four-room building under construction and a six-room building to be fitted and equipped expressly for school purposes by the school board of that town.

In the other towns of this district—Gurabo, San Lorenzo, Aguas Buenas, and Cidra—the lack of proper grading has been noted, but it has been impossible to rectify this defect wholly, owing to the limited number of teachers and the irregular attendance of pupils in some cases. However, a desire on the part of teachers to intelligently meet and remedy these conditions has been noticed, and probably the coming school year will see these defects corrected wholly or in part.

The irregular attendance in the rural schools has been pronounced during the past year. Parents frequently remove their children for one or two weeks or longer from school to work in the fields or to assist in getting in different crops, and regular prog-

ress on the part of pupils is seriously interfered with. Teachers, furthermore, should realize that Spanish feast days and anniversaries have their time and place, but not to the detriment and injury of our schools. Frequently the coming of a holiday of the old Spanish calendar is sufficient to keep pupils from school, although absolutely nothing happens, and the day is celebrated only in past recollections. The teachers have an important duty to do in correcting this evil. Again, the heavy rains during many months of the year render the roads impassable and the rivers high and prevent pupils from reaching schools.

In conclusion it may be said, however, that much has been done during the past year, and that the outlook for the coming year is bright with hopes and opportunities for the fuller and wider extension of our work.

Respectfully submitted.

L. R. SAWYER, *Supervisor.*

5.—REPORT FROM DISTRICT NO. 7.

COAMO, P. R., June 8, 1902.

Hon. SAMUEL M. LINDSAY,

Commissioner of Education, San Juan, P. R.

SIR: In compliance with the request made by you at the conference of supervisors held in San Juan during the past week, I have the honor to submit the following sketch of conditions as they exist at present in the schools of this district:

There are at present 24 graded, 48 rural, and 3 night schools opened in this district. Three rural and 1 agricultural schools are closed for lack of teachers. At the instance of my predecessor, the position of principal in Coamo, in Juana Diaz, and in Aibonito was suppressed, and in these towns, with the addition of Barranquitas, the department granted a graded teacher \$10 a month more salary for performing such extra duties as the supervisor might impose. The principal, I might say the only, extra work performed by these quasi-principals has been the distribution of books and supplies to all the teachers of their respective municipalities.

The district contains completed or in process of construction 2 four-room graded school buildings, 1 two-room graded school building, and 2 rural school buildings given by the department to the municipalities in which they are situated. From my experience in the Bayamon district, and from what I have seen in other districts, I believe that the buildings rented by the municipalities of this district for schools, both graded and rural, are on the average better buildings and better equipped than the general run throughout the island.

Of the school boards three have been for months in a comatose state. One (that of Coamo) has taken an active, intelligent, and very helpful interest in the schools under its charge, and one (that of Barros) has done many things it should not have done and left undone many things it should have done.

The total school enrollment in the district is approximately 1,257 in the towns, 2,668 in the rural districts, and 172 in the night schools. The average enrollment a school is excellent (over 54) and the average attendance for the year has also been very good. Just what it has been I have not had time to figure up for this sketch, but shall do so for my final report at the end of the school year. I have issued a request to the school board of each municipality that it have made a census of the children of school age in the municipality. Unfortunately I have not yet received the figures from Barros and Barranquitas. Those for the other three municipalities show 47.44 per cent enrolled in the public schools of Aibonito, 42.71 per cent enrolled in those of Coamo, and 21.35 per cent enrolled in those of Juana Diaz.

The great majority of the native teachers have worked conscientiously and shown a commendable desire to improve their professional equipment and increase their

usefulness as teachers. About eight or ten, however, are not only incompetent, but are willfully or at least willingly so, making no effort to improve, but relying for their tenure of office on their pull with their local boards or on the unfortunate dearth of teachers with which the department is confronted.

The lack of clocks in almost all the schools has rendered programmes a farce, and greatly impeded progress. Before the next school year opens I shall have purchased, with the consent and at the expense of the school boards, a small nickel clock for each school in the district. The school board of Coamo has appropriated the money to build a fence around the grounds of the Franklyn Graded School, construct a cistern for the building, and erect a schoolhouse in the barrio of Cuyon, where up to the present it has been impossible to establish a school because no suitable building could be obtained.

Respectfully submitted.

ROGER L. CONANT,
Supervisor, District VII.

6.—REPORT FROM DISTRICT NO. 11.

OFFICE OF SUPERVISOR, *Mayaguez, June 7, 1902.*

Hon. S. M. LINDSAY, *Commissioner of Education.*

DEAR SIR: Following instructions received, I have the honor to transmit herewith my annual report.

At the close of last year there were 59 schools open in this district, and as the allotment this year was made on a pro rata basis we were only entitled to an increase of 6 schools, all of which were promptly opened.

The location of many of the unsuitable rural schools has been changed, and the increased attendance has fully justified this step.

Some of the old-time teachers have been dispensed with and their places occupied by more efficient workers.

The erection of a fine 9-room graded-school building and two agricultural-school buildings has proved a useful object lesson to the people of this district, who are now clamoring for better school buildings.

By the introduction of individual school desks and suitable supplies the work of the teachers has been simplified, and good discipline and better general results have been obtained in consequence.

As a result of their course of training at the normal school, we have now a more efficient corps of teachers, whose influence has permeated the whole district and created a desire to do better work and to cultivate modern methods of teaching.

This year there has been improvement all along the line; teachers are more alive to their duties and responsibilities; pupils are becoming more obedient, truthful, and independent, and public sentiment has changed in favor of our public schools.

Coeducation is a grand thing for the children of Porto Rico, and many persons who formerly openly expressed their disapproval of it are now ready to admit its beneficent results.

There are 2,400 pupils in daily attendance at the public schools of this district. During the months of October, November, and December the attendance diminishes, due to the fact that many of the pupils are obliged to assist in gathering in the coffee crop in order to provide themselves with clothes in which to attend school the remainder of the year. The frequent rains of April, May, and June also materially contribute to lessen the attendance.

There is still great poverty visible in the rural districts, and pupils often attend school without having partaken of any food.

The school boards have this year been able to make amends for past delinquencies, although in some cases lack of necessary funds has greatly impeded successful action.

With the application of the school ax and an increased budget, manipulated by conscientious and progressive men, the school boards, acting in unison with the supervisor, ought to, and doubtless will, achieve better results.

One school in this district has been completely ruined this year by the unfortunate selection of an unsuitable man, whose only qualification for the position he occupies is the fact that he is of the same political party as the president of the school board.

It will not be out of place to mention here what has been accomplished this year by the school board of Mayaguez.

The said board has not only faithfully discharged its monetary obligations, but has, in addition, extended its aid toward bettering the conditions of teachers, scholars, and schoolhouses. As a result of its practical interest, the schools have been benefited to the extent of possessing—

- (a) Five hundred dollars' worth of useful school supplies not furnished by the department of education.
- (b) Twenty copies of "Notas Pedagogicas" (A. Martinez) for circulation among the teachers.
- (c) Ten copies each of the five best American educational journals received and circulated monthly.
- (d) A circulating school library of 500 volumes and \$50 cash in hand.
- (e) A good clock and map of Porto Rico in each school.

Nearly all the schools of this municipality have been visited by members of the board, and the president is ever willing to preside at our public meetings and special exercises. Some of the old-time teachers still pursue the old-fashioned routine and parrot-like method of teaching; and I presume it is because they are too old to alter.

Our only hope lies in the normal school; and just as fast as new teachers qualify they ought to replace the old ones.

It is certainly sad to see a poor old teacher, who has, through no fault or merit of his own, dedicated his life to school-teaching, thrown suddenly and helplessly upon the world without any means of subsistence and probably to become a burden on the community; but I suppose the exigencies of modern progress demand this sacrifice and he must accept the inevitable. Something certainly ought to be done for these unfortunates, and I am assured that the department of education—which, by the way, is in no way responsible for the mistakes made by its predecessors—will cheerfully cooperate with any feasible scheme that may be proposed with a view of relieving their necessities.

Memory work is still greatly abused, and review work, generally speaking, neglected. Very little time, if any, is taken in showing the pupils how to study, and the recitation period generally discloses the fact that the lesson has not been properly understood. The text-book is too closely adhered to, as a general rule, and pupils are not sufficiently encouraged to cultivate the faculties of correct observation, investigation, and independent thought and expression of their feelings and opinions.

The poor results achieved in many of our schools are the consequence of a lack of knowledge of psychology and child-study on the part of the teachers, which often evokes ludicrous and marvelous answers, and reveals a deplorable mental condition in the pupils.

Rapid progress has been made in the English language; the pupils translate readily from English into Spanish, but generally fail to transpose, correctly, sentences from Spanish into English. We need in our schools more English conversation. The English teachers, as a whole, have done splendid school work and have, in addition, captivated the sympathies of the natives, having also, in a successful and creditable manner, advanced American ideas and ideals in their respective communities. The desire to learn the English language is as fervent and universal as ever, and everyone who can afford it is taking lessons. The Porto Rican—unlike his Anglo-Saxon brother, who with a vocabulary of half a dozen Spanish words, and a few gestures,

will stand up and make a speech—is very reticent about putting into practical use the little English he may have acquired.

I have had a class of five middle-aged ladies who, at the expiration of three months, because they could not then converse in English, gave up in disgust.

In order to illustrate the fact that the organization and working of our public school system is becoming better understood and appreciated, I may cite an incident that occurred last year as a contrast to the sentiment that obtains at the present time.

The supervisor had petitioned the acting alcalde for the necessary funds to open additional schools, and he, at a town council meeting, in referring to the request, said: "Gentlemen, if the inspector wishes to open more schools, let him pay for them out of his own pocket. We will not oppose him."

Fortunately, for the schools and the reputation of the town, the councilmen were better informed and the necessary money was voted. As an agreeable contrast I may state that the present alcalde is racking his brains to devise a scheme by which he may invest all possible funds for school purposes.

The community interest in our schools has manifested itself in a praiseworthy manner in two barrios of this district, where, in each case, a planter has not only ceded a school house gratis, but has also maintained the teacher free of cost in his own house, and provided clothes for many of the destitute children.

There are quite a number of excellent young people preparing for teachers, and applications to the supervisor for the loan of text-books are constant.

In answer to a question put to a class of 50 fifth-grade pupils, as to what profession they intended to adopt, half of them replied, "School teacher."

The memorable visit of Drs. Lindsay, Henderson, and Russell to Mayaguez, to dedicate the Farragut School, and the eloquent, useful, and practical addresses delivered by them on that occasion, assured the people of the sound policy that is being pursued by the department of education, and created an interest in, and desire for, our educational institutions.

The establishment of industrial and agricultural schools all over the island is of imperative necessity. Such schools, under competent and efficient management and supervision, would have an educational value which it is impossible to overestimate.

We must teach these young people to do something, and should provide something useful for them to do, or else, as a result of their education, they will go to seek employment elsewhere.

It is a pity that the insular government can not send more suitable young men to the States to acquire their education, and thus to prepare themselves suitably to fill the leading positions here that will ultimately fall to their lot. Those already sent from this district are doing well and correspond regularly with me in English.

If some progressive person interested in the welfare of Porto Rico would cause to be translated and circulated here some of our best novels, periodicals, and educational journals he would introduce a powerful factor in harmonizing some of the conflicting social and economic elements now prominent here.

Respectfully submitted.

JOHN MELLOWES, *Supervisor.*

7.—REPORT FROM DISTRICT NO. 12.

AGUADILLA, P. R., June 6, 1902.

Dr. SAMUEL M. LINDSAY,

Commissioner of Education, San Juan, P. R.

DEAR SIR: In compliance with your request, I beg to submit the following report:

My work in this district began January 25, after the death of Mr. Stanley W. Bortree. In company with Field Supervisor Martinez I immediately made a trip over the district, visiting all of the graded schools and some of the rural schools.

My first impression, which has been confirmed by my subsequent experience, was that there existed a decided lack of unity in the work of the schools, due, I believe, to the frequent change of supervisors which this district has suffered. Conditions in general were far from satisfactory. In a majority of the five municipalities of the district the school boards displayed an almost utter lack of interest in the schools and of sympathy with the supervisor and the department, and in some cases there was open hostility shown. In two towns the members of the local board lived far from the pueblo, making it difficult to secure a quorum for meetings. While there is still room for improvement, conditions are much better than they were four months ago. I am pleased to note a willingness to cooperate with us, which did not exist at first. I wish also to make special mention of the good work of the capable and energetic school board of San Sebastian.

The financial condition of the boards of three municipalities and their consequent inability to pay their obligations has been a great source of trouble among the teachers and owners of buildings used as schoolhouses.

As to the work of the teachers, I can say that as a rule I have found them faithful and willing to do the best they could. They have needed encouragement more than criticism. In many cases they have labored under the disadvantages of rooms crowded and in poor condition, with insufficient equipment, but nevertheless have done satisfactory work.

The progress in English of the children in the graded schools under the instruction of English teachers has been very good. I wish to say, too, that the English teachers have been in many ways a great help to the supervisor in his work. The progress in English in the rural schools has not been satisfactory, except under some of the younger teachers.

The buildings rented by the municipalities for graded schools are not as a rule well adapted for the purpose. There should be some changes in this respect the coming year.

The outlook for the coming year is good. I think the school boards are prepared to work better. The teachers are constantly obtaining a better knowledge of modern educational methods and increasing in efficiency; and the reduction in the area of the district will permit the supervisor to do better work, even though the number of schools in this district be as great as this year.

Respectfully,

HORACE O. WELLS,
Supervisor District No. 12.

8. REPORT FROM DISTRICT NO. 16.

BAYAMÓN, P. R., June 5, 1902.

HON. SAMUEL McCUNE LINDSAY,

Commissioner of Education, San Juan, P. R.

SIR: I herewith submit for your consideration a synopsis of the third annual report of the supervisor of schools for the district of Bayamón. No extraordinary events have occurred which it will be necessary for me to report, except the steady increase of the system and a consequent increase of work in every department under our supervision.

In their respective reports the secretary and the statistical clerk will give in greater detail the general statistics of the district.

NEW SCHOOL BUILDING.

A new and commodious brick edifice of four rooms is now in process of erection at Bayamón. While this building will not meet the entire demand for school facilities in this pueblo, it will go far toward alleviating congested conditions and guarantee progress.

SCHOOL ENROLLMENT AND ATTENDANCE.

The increase in the enrollment and attendance in both graded and rural schools throughout the entire district, while it imposes greater financial burdens on both department and school boards, is highly gratifying, because it gives incontrovertible evidence not only of the advancement of the work, but of the favor and appreciation with which the masses look upon their public schools.

TEACHERS.

Both American and Porto Rican teachers in this district are giving valuable, reliable service. Each helpful to the other, and hand in hand bravely uplifting the standard of education and citizenship.

FREE TEXT-BOOKS.

The department rules governing the use of text-books should be amended so that children under certain restrictions may be given the use of text-books at their homes; and some arrangement should be made to the end that those who prefer to own their own books may purchase them from a central depository at cost price.

SALARIES OF TEACHERS.

Notwithstanding the need of the strictest economy on the part of the department, some immediate action should be taken looking toward the increase of salaries of deserving English teachers, and a fixed graded schedule of salaries should be had for the Porto Rican teachers who will take up agricultural work.

NEW GRADES OF SERVICE.

I would respectfully recommend the appointment of a supervising principal to have in charge the work of the schools in Bayamón, Cataño, and Toa Baja, all easily reached by rail, together with such other work as may be assigned to him by the department from time to time.

EVENING SCHOOLS.

The work of the evening schools has been highly successful. The experiment of an English teacher specially assigned to teach English has proven successful far beyond our expectations.

THE COURSE OF STUDY.

Amendments are needed to the course of study. These should be entirely definite in character and not restrictive as to method or plan.

NEW TEXT-BOOKS.

A much-needed change is also apparent in a few of our text-books.

DISTRIBUTION OF SUPPLIES.

The school boards of the district have entered into the spirit of friendly rivalry in the matter of facilitating the transportation of supplies and materials, with the result that the freight for the hundreds of dollars' worth of supplies, furniture, and equipment sent out from this office has cost the department nothing, the burden being cheerfully borne by each individual school board.

FURNITURE AND EQUIPMENT.

Through the generosity of the department, every graded school in this large district of seven municipalities is now supplied with its full quota of desks and school furniture. Hundreds of desks have been placed for use this year.

AGRICULTURAL SCHOOLS.

Under the influence of the new plans formulated by our present commissioner the work of the agricultural schools has already begun to take on an aspect of clear-cut, practical development. A much-needed reform. The value of this phase of education is so apparent as to need no word of comment here.

THE SCHOOL BOARDS.

The work of the school boards throughout the year has been characterized by an earnest desire to learn and to advance in administrative ability.

No nation can be greater than its schools. There is need, therefore, of the strongest, the cleanest, the most upright manhood in the composition of Porto Rico's school boards.

In conclusion, it is my honored privilege to extend thanks to the commissioner, Hon. Samuel McCune Lindsay, for the genial courtesy, kindly helpfulness, and unfailing sympathy that has ever brought cheer and comfort and stimulated flagging energies. I am also the grateful debtor of the very efficient corps of assistants to the commissioner.

I desire also to thank the guild of teachers that has earnestly, loyally, lovingly striven to uplift itself and live thereby for the betterment of others. The school boards have rendered me efficient and reliable assistance at all times, for which I am pleased to render due acknowledgment.

With the firmest faith in the future of Porto Rican education, we go forward to solve new problems, to surmount new obstacles, to plant new vineyards.

Very respectfully submitted.

O. M. Wood,
Supervisor District of Bayamón.

EXHIBIT F.

Department of education, fiscal year 1901-2—Expenditures to June 1, 1902.

	July.	August.	September.	October.	November.
Salaries, office commissioner	\$1,527.59	\$1,557.41	\$1,559.00	\$1,610.50	\$1,568.60
Contingent expenses, office commissioner	67.58	97.22	247.74	302.29	217.17
Text-books and supplies, purchases		39.95	21,855.88	7,528.26	4,694.94
Text-books and supplies, transportation	150.44		499.88	128.09	32.02
Common schools, salaries	240.00	225.00	135.00	29,224.50	34,369.25
Common schools, contingent expenses					33.00
English supervisors, salaries	1,541.80	1,339.60	1,863.19	1,744.00	1,644.63
English supervisors, contingent expenses		18.01	102.20	329.09	75.08
Teachers' institutes, salaries	534.00	1,128.00	1,205.50		
Teachers' institutes, contingent expenses		33.20		53.00	
San Juan high school, salaries	50.50	50.50	49.00	1,020.50	1,169.00
San Juan high school, contingent expenses			5.15	44.09	64.19
Normal school, salaries	126.40	126.40	122.20	611.77	828.86
Normal school, contingent expenses	50.00			119.57	121.02
Library and museum, department of education		17.20	29.93		
Extraordinary expenditure, department of education	60.50	60.50	174.08	220.00	10.00
	4,348.81	4,702.99	27,848.75	42,935.66	44,830.76

Department of education, fiscal year 1901-2—Expenditures to June 1, 1902—Continued.

	Decem- ber.	January.	Febru- ary.	March.	April.	May.
Salaries, office commissioner.....	\$1,283.70	\$1,669.20	\$1,488.93	\$2,078.50	\$1,836.78	\$1,817.00
Contingent expenses, office commissioner.....	151.78	206.10	186.70	165.91	335.14	624.75
Text-books and supplies, purchases.....	46.73	176.70	165.04	226.44	407.70	854.34
Text-books and supplies, transportation.....	398.46	187.90	111.52	117.93	37.09	15.51
Common schools, salaries.....	36,045.25	35,954.00	36,570.25	36,909.75	36,632.25	36,759.75
Common schools, contingent expenses.....		10,639.01	12,061.49	55.00	4,162.59	9.50
English supervisors, salaries.....	1,744.00	1,732.06	1,683.24	1,782.00	1,607.10	1,660.80
English supervisors, contingent expenses.....	111.08	131.72	27.00	167.54	431.79	721.29
Teachers' institutes, salaries.....				100.00	90.50	-----
Teachers' institutes, contingent expenses.....				512.15	4.00	-----
San Juan high school, salaries.....	1,320.50	1,221.70	1,216.60	1,221.70	1,219.50	1,221.00
San Juan high school, contingent ex- penses.....	6.44	6.46	14.90	39.66	1.00	-----
Normal school, salaries.....	1,060.72	866.86	851.26	866.86	859.96	837.27
Normal school, contingent expenses.....	35.75	21.00		32.00	749.86	393.45
Library and museum, department of education.....						25.00
Extraordinary expenditure, department of education.....	15.00	72.50	20.00	60.00	20.00	10.00
	42,219.41	52,885.21	54,396.93	44,335.44	48,395.26	44,949.66

Total appropriations..... \$505,007.50
Expenditures to June 1..... 411,848.88

Balance..... 93,158.62

RECAPITULATION.

Appropriation.	Expenditures to June 1.	Balance.
Office commissioner of education:		
Salaries.....	\$17,997.21	\$3,595.29
Contingent expenses.....	2,602.38	1,397.62
Text-books and school supplies:		
Purchases.....	35,995.98	4.02
Transportation	1,678.84	321.16
Common schools:		
Salaries.....	283,065.00	61,942.50
Contingent expenses	26,960.59	2,039.41
English supervisors:		
Salaries.....	18,342.42	2,357.58
Contingent expenses	2,114.80	5,285.20
Teachers' institutes:		
Salaries.....	3,068.00	32.00
Contingent expenses	602.35	1,297.65
San Juan high and elementary schools:		
Salaries.....	9,760.50	1,894.50
Contingent expenses	181.89	1,598.11
Normal school:		
Salaries.....	7,158.56	3,101.44
Contingent expenses	1,525.65	714.35
Library and museum, department of education.....	72.13	1,427.87
Extraordinary expenditures, department of education.....	722.58	6,149.92
Total	411,848.88	93,158.62

Total appropriation, fiscal year 1901-2 \$505,007.50

REPORT OF THE SUPERIOR BOARD OF HEALTH.

DEPARTMENT OF THE INTERIOR,
OFFICE OF SUPERIOR BOARD OF HEALTH OF PORTO RICO,

San Juan, P. R., June, 1902.

SIR: I have the honor to submit the following report on the work of the superior board of health from July 1, 1901, to date:

It is a source of great pleasure to be able to prove that in sanitary matters there has been a decided improvement during the past year in almost every part of the island, and that in some districts the advance has been very marked. Public opinion is being slowly but surely awakened to the importance of sanitation, and to the necessity for making better arrangements for the care of the sick poor than have previously existed. By far the most difficult problem which the board has to solve is that of the medical attendance on the sick poor; for in addition to the time-honored habits of official inaction, there is the serious difficulty arising from the poverty of the majority of the municipalities. Such pittances as are offered for medical services by the various ayuntamientos can not possibly secure either good men or honest work, and it is nothing less than a public scandal to ask members of an honorable profession to perform arduous and often dangerous work for the wages of a dock laborer. It is a safe statement to make that at least three-fourths of the sick poor in Porto Rico are never seen in life by a physician, and in several districts the figures would probably be nine-tenths. Quackery of any and all sorts is the necessary consequence of this state of affairs, and the strict enforcement of the law against irregular practice works a certain amount of hardship by depriving the poor of help of any kind.

It is the intention of the board to impress upon the next legislature the urgent need of reform in the present system of medical relief and of the establishment of a system more in accordance with the principles of civilization and humanity. In the new system the question of hospital accommodation must be a prominent feature. At present the accommodation is miserably insufficient in all districts, and is entirely absent in many. But in nearly all the towns where hospitals exist some effort has been made to improve conditions, and several towns have, in various stages of progress, plans for the erection of hospital buildings. The old and altogether unfit Santa Rosa Hospital of San Juan has been dismantled, and the city is now preparing for

occupation a building in Puerta de Tierra which is capable of being made a very fair hospital, but which of necessity lacks many features deemed essential according to modern ideas. The capital sadly needs an isolation hospital for contagious diseases, and the board last year had to assist with its funds the local authorities in rigging up a temporary arrangement to deal with smallpox cases. This year the sole accommodation for such cases consists of three old and dilapidated tents, the arrangements for the supply of food, clothing, and bedding being of the most primitive and unsatisfactory kind. However, it is believed that in the near future the present conditions will cease to exist, and the city will be prepared as it ought to be for emergencies which are likely at any time to arise and which must be promptly met. In Yauco the hospital is well equipped, well managed by sisters, and is a credit to the town. For some considerable time the foundations for a new hospital have been laid, and it is the intention of the ayuntamiento to erect on these a first-class hospital of modern type. The cost of this will be defrayed from the loan recently negotiated by the city. The proposed hospital in Guayama is still in the paper stage, but it is thought probable that it will be completed during the ensuing year. The plans for it are well drawn and have been approved by the board. In Mayaguez and Arecibo the hospitals are in good order, and in both certain improvements are contemplated. The condition of the Tricoche Hospital, in Ponce, still leaves much to be desired, but the plea of absolute poverty of the city is put forward as a bar to any improvement. The sanitary conditions here are phenomenally bad, but the patients are on the whole reasonably well cared for. The consolidation of several municipalities will probably cause considerable changes in local administration, but as yet the board has received no information on the subject of hospitals or medical relief under the new system of administration.

The work of the board now embraces a very wide field, and in the departments recently taken up substantial progress has been made. Plumbing and house drainage have received much attention, and the board has now secured the services of an expert American plumber as inspector. Regulations have been published based on the laws existing in the most advanced States of the Union, and a system of examination and license for all persons in business as master plumbers or as journeymen has been inaugurated. Some opposition was experienced at first from certain trades-union agitators, but this soon disappeared and to-day the trade is unanimous in support of the board in its actions. It is gratifying to note that several native plumbers are taking kindly to the new order of things, and are learning with rapidity the novel modern system of work.

In the matter of house drainage great strides have been made. The old-fashioned brick and cement drains are being replaced by heavy iron

tubing, and there is now a consensus of opinion on the part of property owners as to the superiority of the new method. As much of the city is still unsewered, it is impossible to carry out in full the intentions of the board, but work will shortly be commenced on the new sewerage system, and when this is completed San Juan will be a model city in this respect. Every house will be connected with the main sewer, cesspools will be entirely done away with, and flush closets will be found in every residence. Aqueduct water is being laid on as rapidly as possible, and in a short time the old-time cistern will cease to be a source of danger as it now is.

In Mayaguez a thorough drainage system will shortly be carried out. The city has been fortunate in securing the services of Mr. Domenech as engineer, and he has succeeded in elaborating plans by which the many difficulties can be overcome. The situation of the city is peculiar, and presents many serious problems for solution, but I believe that all have been successfully met, and that the result will reflect credit equally on the city and its able engineer.

The question of drainage for Ponce has not yet assumed a tangible form. The difficulties here to be met are unusually great, and the ultimate solution will call for a large expenditure of money and a high degree of engineering skill.

Except for one small drain, which serves for the military hospital and the alcaldia, Ponce has no sewers, and the district being very large the cost of sewerage must be enormous whatever system be adopted. Much of the city lies very low, and portions of the playa, or port, are below high-water mark. This fact seriously complicates the problem, as a pumping station would be a necessary feature in the system. In view of the splendid results obtained from sewage farms in various parts of the world, I can not but think that similar results might be had in Ponce, for there is an extensive territory devoted to sugar, and this is more than sufficient to absorb and utilize the sewage from a larger population than will ever exist in Ponce. If this plan is found feasible it could be carried out at a minimum of cost, and the money value of what is now worse than wasted would be very great.

Plans are also under consideration for the drainage of Arecibo, Yauco, and other towns, but it is impossible to say when the money can be available for this purpose. A loan has been obtained for Arecibo, but this will be expended chiefly on waterworks and electric-light plant. Yauco has also floated a loan, and this will be used to establish a water supply, to build a new market, and to complete the erection of the hospital.

In the smaller towns of the interior it will be hopeless to think of any system of drainage except of a rudimentary sort. All that can be done at present is to enforce the proper care of such arrangements as are practicable, and to see that all garbage and excreta are removed

to a safe distance. Cremation is of course the best of all methods for disposal of garbage, but it can not be economically carried out except on a large scale. It was hoped that a crematory would shortly be established in San Juan; plans for one having been submitted and approved, but I understand that the matter has been indefinitely postponed by the ayuntamiento. This is much to be regretted, for the present system of garbage disposal is most unsatisfactory and is a source of great complaint.

VETERINARY SANITATION.

For several months the work in this branch has been very heavy, and has been most ably performed under the supervision of Dr. Schirmer. Glanders was very prevalent, and little or no attention was paid to the matter by local authorities. A system of rigid inspection was instituted, all suspected animals were isolated, tested with mallein, and at once destroyed if the diagnosis of glanders was confirmed. A quarantine station for animals has been established near the city of San Juan, the ground being given by the ayuntamiento, and several animals have been destroyed there. By a strict inspection and separation of all infected animals this terrible disease can soon be eradicated from the island, but we have one very serious difficulty to contend with, and that is the persistence with which certain ignorant persons claim the power to cure glanders.

The belief in the curability of glanders is common among the country people, and, this being the case, they look on the radical measures of the board with mistrust and try every means to conceal cases of disease. Time and education are necessary to overcome this obstacle, but in the meantime the board must continue in the exercise of its utmost powers to put an end to an alarming state of affairs. That success is rewarding our efforts is shown by the fact that for months past there has been no case of death by glanders in the human subject, whereas during the twelve months previous to February, 13 persons had lost their lives from this cause. It has not been possible, with the limited means at our disposal, to make a thorough investigation of other diseases of animals, but it is believed that anthrax prevails to a certain extent in some districts. This subject will be taken up in the coming year. No cases of rabies in man have been reported during the year, and but few cases in dogs.

LEPROSY.

Nine cases of leprosy have been sent to the colony on Cabras Island during the year, two have been discharged from there as nonlepers, and two have died. The present number in the colony is 23, of whom 14 are males and 9 females. The board is very anxious to collect all the lepers on the island, but the practical difficulty as to transportation

is very great. Railroads and steamships will not take them at any price, and in many cases the local authorities have pleaded absolute inability to pay the expense of having private transportation, thus nullifying the provisions of the charities act, which impose on the ayuntamientos the duty of transferring lepers to the colony.

SMALLPOX.

From July to December, 1901, the island was practically free from smallpox, but in January, 1902, cases of varioloid began to be reported in many districts. The number of cases slowly but steadily increased, the chief centers of disease being Ponce, San Juan, Arecibo, Camuy, and Utuado. The disease was of a singularly mild type, 12 cases of confluent smallpox being reported, and no death occurred from disease contracted in the island. One death occurred in Arecibo, the patient having come from New Orleans, and being, through an error, landed in a very critical state. Upon the first appearance of the disease steps were taken to isolate all patients as far as possible, but the facilities for this were very limited in every place, and entirely absent in some. Application was made to the governor for funds to meet the emergency, and, as has always been the case, the appeal was at once responded to. One thousand dollars was placed in the hands of the board, and with this sum a hospital was built in Camuy, bedding and furniture purchased through the Woman's Aid Society, and the concern was in running order in a very short time. Arrangements were also made for extra medical assistance in Arecibo, and vaccination was pushed with all possible energy. It is only fair to make special acknowledgment of the splendid work performed in Arecibo by Dr. L. Gastambide, who labored night and day with the true spirit of a conscientious public servant, and to whom the board was unable to offer more than a nominal compensation. Few persons are aware of the immense difficulties attending such a work as is vaccination in Porto Rico. The people are, as a rule, indifferent; they live in a country where travel is often dangerous, if not impossible, and where evasion of official visits is particularly easy. In spite of all this the work has been pretty thoroughly done, and the board feels confident that the good results from it will be plainly seen in the future. •

Similar work was undertaken in the other towns affected and special attention was given to the schools. In these there was found a large number of children who had been either not vaccinated at all or else very imperfectly protected, and considerable laxity was shown to have existed in the granting of certificates of vaccination without the necessary inspection to prove the result of the operation. Such carelessness is of course almost criminal, but is partly excusable from the fact that the medical officers are overworked and ridiculously underpaid. No more important work can be done than that of vaccination, but

unless the authorities, insular or local, provide the necessary funds, it can never be carried out as it ought to be, and the island will be annually exposed to great danger and expense. The public alarm is always apt to be exaggerated, and this year it assumed large proportions. A strict quarantine was established by the neighboring islands against Porto Rico and serious injury to trade and travel was the consequence. As a matter of fact, there was no sufficient reason for such measures, but it seemed as if the foreign authorities were influenced more by popular clamor than by the facts of the case, and the protests of the board were in every case disregarded. As no quarantine was enforced against New York, Boston, and other United States cities, where true smallpox existed to a considerable extent, the injustice to Porto Rico was conspicuous. In a period of two and a half months, ending March 7, 1902, the deaths from smallpox in the United States were 615, and yet trade was absolutely free from restriction, whereas in Porto Rico there was scarcely any true smallpox and no death therefrom.

In February, 1902, a number of cases of a disease locally known as "buba" were reported from Isabela. This is a disease characterized by severe ulcerations of the skin, with great debility. A special investigation was at once made by Dr. Saldaña, and in accordance with his recommendations a temporary isolation hospital was constructed there and the needed medicines furnished. The funds for the purpose were supplied from a special appropriation of \$250 promptly granted by the governor. The disease was very quickly controlled and has since given no trouble.

Diphtheria has occurred in several towns on the island, but in no place has it assumed an epidemic form, and the type of disease has rarely been malignant. Treatment by antitoxin has been adopted in a few cases and with success, but the question of the value of this treatment being still a matter of dispute, the board has not felt justified in incurring the heavy expense incident to a distribution of serum. The need of a bacteriological laboratory by the board is greatly felt in connection with this disease, for only by culture experiments is it possible to diagnose with certainty or to fix definitely the period at which the patient can be safely released from quarantine.

As in all other places, tuberculosis is the great and fatal scourge of Porto Rico, and under the peculiar conditions here the difficulties in the way of checking its ravages are very great. Sleeping in crowded rooms, which are invariably sealed up at night against any possible entrance of air, the people expose themselves to every possible risk of contagion. The personal habits of the poorer classes are in favor of contagion through the dissemination of sputum, and attempts to change these habits are almost invariably a failure. However, the board is about to publish simple hints for general distribution on the subject, and some benefit is confidently expected from this course. I

am happy to say that the practice of spitting in public places has been practically abolished, owing to the measures taken by the board, and that our public buildings, stores, and trolley cars no longer offend decency.

EXAMINATIONS FOR LICENSES.

At the examination held in January there appeared 2 candidates for license as physicians, both of whom passed.

For license in pharmacy 6 presented themselves, of whom 4 passed.

For license as practicante 2 candidates appeared, and both were successful.

At the examination held in June the result was as follows:

For physician, no candidates.

For pharmacists, 8 candidates; 3 passed.

For practicante, no candidates.

In November, 1901, an examination in plumbing was held. For this there appeared 18 candidates for license as master plumbers, of whom 7 passed. Twenty-two applied as journeymen, of whom 20 were passed.

The standard of examination was kept low for obvious reasons, but on each succeeding examination it will be raised until it approximates that of the United States. The examination was oral, written, and practical, the latter being conducted in a temporary workshop rigged up on the premises of the board. Considerable intelligence was shown by some of the candidates, but the practical work was very naturally of poor quality, lead work being an entirely new branch for them. Our inspector has always been ready to give every possible assistance, theoretical and practical, to those who apply for it, and his work is highly appreciated. Since his appointment in 1901 there has been a real boom in the sanitary business, and 185 houses in San Juan have been put in thorough repair and fitted with modern plumbing.

The condition of the patios and excessive overcrowding of the houses occupied by the poorer classes are matters with which the board has been unable to deal in a satisfactory way. Until accommodation is provided in the shape of more houses overcrowding is inevitable, and until the city provides a public laundry the present abominable state of the patios must continue. Laundry work is almost the only industry of the poor, and for this the patio is the only available place. I see no good reason why a well-equipped public washhouse should not be provided by the city, or why such an establishment should not be at least self-supporting if not a source of revenue, as is the case in hundreds of other cities.

The work of the medical inspectors of the board has been extremely arduous and has been performed in a most able manner. The results have been very marked in many towns, but in some it has been impos-

sible to stir up the authorities to a sense of their duty by any means within the power of the board. Absolute poverty is put forward as the reason for inaction, but this is only an excuse in part and can not justify the filthy conditions existing in many places. Special attention has been given to slaughterhouses, bakeries, and other places in which food is prepared or sold, and the most drastic measures have been employed to enforce the orders of the inspectors. Scores of places have been closed until put in decent condition, and many tons of bad food have been destroyed. In one store upward of 15 tons of codfish were condemned and destroyed, and all over the island the quality of this article was found very inferior. Much of this fish being imported from British ports, a letter was sent to the British consul requesting him to notify the exporters that fish of inferior quality would be at once seized here and destroyed. Large quantities of hams were also destroyed as unfit for food, and this action led to some difficulty with one of the great packing houses in the United States. After a very full investigation by the board the action of the inspector was sustained, and the matter was finally settled by the withdrawal from the market of the particular brand which was found unsatisfactory.

Several instances of drug stores carried on in violation of law were found by the inspectors, and prompt measures were taken to enforce the laws.

The sale of drugs and medicines by general merchants has long been a cause of complaint by pharmacists. They are rigidly confined to the sale of medicines and allied articles, and were justified in claiming relief from a genuine hardship. After full consideration of the question on all sides, the board issued a circular forbidding after July 1, 1902, the trade in medicines by unqualified merchants. A few articles in common use, such as borax, olive oil, camphor, and the like, were specified as legitimate objects of general trade, and the circular has been cheerfully accepted by all concerned.

Considerable progress has been made in the matter of cemeteries, but the scarcity of municipal funds has delayed the construction of many new ones, which are badly needed. The apathy displayed in this matter is remarkable, and it seems almost impossible to arouse the public mind to the importance of providing safe and decent methods of interment. The board is most anxious to establish relief cemeteries in outlying barrios in large districts, but has been met with the practical objection that it is impossible to have the civil registry properly kept up except by the municipal judge. This difficulty can, I think, be readily removed by executive or legislative authority, and a great benefit be thus conferred on the poor, who are now compelled to carry their dead long distances to a central cemetery.

The water supply of the island is by no means as good as it ought to be, considering the ample sources available, but there is considerable

activity being shown by some towns to improve existing conditions. Of course the cost of waterworks is very heavy, but I see no reason why any city whose credit is good can not by a special issue of water bonds become the owner of a good system and gain a fair revenue therefrom. A large portion of the loan recently obtained by San Juan is assigned to the extension and improvement of the works there, and the benefits to the city will be well worth the cost. The present intake is badly located, and the removal of this to a point farther upstream must be made if a good and clear supply is to be had. The chemist of the board has made repeated analyses of the water, and reports it as being generally of fair quality, but by no means first class.

In Ponce the waterworks are of the most primitive kind, but the water is good, and the chief complaint made is of the muddiness. Yauco will soon have an admirable supply in quantity and quality. Arecibo is following the example, and other towns are merely waiting for loans in order to commence operations. But in order to obtain the best results the pollution of streams must be stopped, and this interference with ancient custom will be strongly opposed. Pollution of streams is well nigh universal, and even in the cases where the stream is not used for drinking, serious nuisances arise from the discharge of refuse from distilleries, tanneries, and other factories. The refuse liquor from rum distilleries is horribly offensive, and is fatal to all fish; and in Ponce a serious loss has in this way been caused to the local fishermen. The board has been successful in several cases in persuading or compelling manufacturers to refrain from their former practice, and in time it is believed that every serious cause of complaint will disappear.

I desire to call attention to the report of Dr. Berkeley, hereto annexed. His work has been most arduous and exacting, and has been carried on under difficulties which would long ago have discouraged a man of less enthusiasm and devotion to duty. The need of proper facilities for this work is urgent, the present premises used as a laboratory being utterly unfit for the purpose, and absolutely forbidding the prosecution of certain classes of work. The rooms now occupied are in the custom-house, and as the treasury claims this as its property, the board of public works is not permitted to do anything about it. Meantime, the treasury department refuses to make any improvement, although the chemist is often called upon to make investigations in cases pertaining to the customs department.

The subject of prostitution is one which the board has been unable to deal with, although much attention has been given to it. The objections to any system of inspection and registration of women are very great and the attempt to carry out the plan in San Juan proved an entire failure. It is comparatively easy to control the avowedly

professional class of women, but it is utterly impossible to regulate or prevent the traffic carried on by those who may be termed amateurs. All that seems practicable is the strict enforcement of police regulations to such a degree as to prevent public scandal, and to this end the restriction of residence to certain allotted districts in towns seems advisable. Laws and regulations of the most elaborate kind have failed in Habana and other cities to do more than to lessen the public display of the nuisance; and there is no reason to expect greater results in Porto Rico, even with a greater expenditure than is here possible.

Vital statistics are, of course, the true test by which the work of a board of health is estimated, and I am happy to say that the figures given in the annexed tables are of the most satisfactory sort, and are full of encouragement for the future. For the benefit of those unwilling to study the matter in detail, I append a brief résumé of the principal diseases of Porto Rico and their comparative mortality in this year and the preceding one. It will be seen that the total deaths in this year are 13,821 less than during last year, and there is every reason to believe that this splendid showing is chiefly due to the great sanitary reforms which have been carried out. Sanitary education is a plant of slow growth, even when nourished with golden showers, but the growth in Porto Rico is steady if slow, and will doubtless progress at a faster rate in future.

I regret to say that owing to deficient funds and the consequently limited office staff it has been impossible to reciprocate the courtesies extended to us by the various States of the Union and foreign countries that have sent us their valuable reports, requesting the usual exchange of documents. This anomalous state of affairs will no longer exist, as the staff will be increased during the coming year, when Porto Rico will take her rightful place as the source of information of the most valuable kind. The vast mass of records of vaccination under the military government is in process of tabulation, and the results of the largest work on record will soon be published. The value of such a report can not be exaggerated, and in this and other matters the board feels justified in expecting the liberal assistance of the legislature. The work of the board must be a constantly increasing one, and on its results largely depend the health and lives of the community, and consequently the productive capacity of the island.

A courteous invitation was sent by the American Public Health Association that the board be represented at the congress held at Buffalo in September, 1901, and the secretary was thereupon deputed as delegate of the board. He received also from the governor a special recognition as representative of the island in general, and was directed to investigate the methods in use in the health boards of Boston, Albany, New York, Buffalo, and Washington, with the view of introducing any use-

ful features of their work in the office here. His reception at Buffalo and elsewhere was most cordial and flattering, every possible courtesy being extended to him, and great interest being shown in Porto Rico by all those he met. He read, by request, a paper before the congress, which was well received as an evidence of the progress of Porto Rico in sanitation, and was appointed on the executive committee as member for Porto Rico. Much valuable information was secured during his trip, and the benefits accruing to the office have been very great.

The board trusts that Porto Rico may in future be represented at all the meetings of this great association, and that she will be found standing in the front rank of exponents of modern sanitation. Great are the powers of the board, and very deeply does it feel the responsibilities laid upon it. Under the new organization which goes into effect on July 1 the board will be materially strengthened in its personnel, and even better results may be expected than those which I have the honor now to submit.

Accompanying this report are appended special reports from Dr. Saldaña, medical inspector; Dr. Berkeley, chemist to the board; Dr. Schirmer, veterinary inspector; Mr. Spaven, inspector of plumbing; and Mr. Stebbing, superintendent of the vaccine station. All of these are well worthy of serious consideration.

Very respectfully,

R. M. HERNANDES, M. D.,
President Superior Board of Health, Porto Rico.

Wm. FAWCETT SMITH, M. D.,
Secretary Superior Board of Health, Porto Rico.

Hon. WILLIAM H. HUNT.

(Through the Commissioner of Interior, Porto Rico.)

List of disinterment and burial permits issued by the superior board of health, Porto Rico, from July 1, 1901, to June 30, 1902.

No. of permit.	Number of bodies.	Removed—	
		From—	To—
50.....	1	New York.....	San Juan.
51.....	1	San Juan.....	Manati.
52.....	1	.....do.....	New York.
53.....	59	.....do.....	San Juan.
54.....	1	Rio Piedras.....	Do.
55.....	1	San Juan.....	Caguas.
56.....	1	Mayaguez.....	Aguadilla.
57.....	1	.....do.....	New York.
58.....	1	San German.....	San Juan.
59.....	1	Naguabo.....	Do.
60.....	1	San Juan.....	New York.
61.....	27	.....do.....	San Juan.
62.....	1	Yauco.....	Ponce.
63.....	1	San Juan.....	Rio Piedras.
64.....	1	Rio Piedras.....	San Juan.
65.....	1	Bayamon.....	Do.

Receipts and disbursements of the superior board of health of Porto Rico, fiscal year 1901-2.

CR.

DR.

1901.		1901.	
July	9. T. D. 1595, A. W. 730.....	\$207.92	July 31. Salaries:
	24. T. D. 1700, A. W. 759.....	1,170.02	Superior board of health.. \$651.82 Vaccine station 106.20
			Supplies: Superior board of health.. 161.62 Vaccine station 26.71 Traveling expenses 118.10
	Total	<u>1,377.94</u>	Balance 1,064.45 313.49
			Total <u>1,377.94</u>
Aug.	1. Balance	313.49	Aug. 30. Salaries:
	14. T. D. 1829, A. W. 778.....	1,566.18	Superior board of health.. 950.30 Vaccine station 106.20
			Supplies: Superior board of health.. 170.30 Vaccine station 23.91 Traveling expenses 44.00
	Total	<u>1,869.67</u>	Balance 1,294.71 574.96
			Total <u>1,869.67</u>
Sept.	1. Balance	574.96	Sept. 30. Salaries:
	Aug. 30. T. D. 1988, A. W. 813.....	1,184.00	Superior board of health.. 797.20 Vaccine station 103.60
	Disallowance voucher 10.....	1.51	Supplies: Superior board of health.. 301.86 Vaccine station 43.93 Traveling expenses 106.83
	Total	<u>1,760.47</u>	Balance 1,353.42 407.05
			Total <u>1,760.47</u>
Oct.	1. Balance.....	407.05	Oct. 31. Salaries:
	15. T. D. 2257, A. W. 868.....	1,173.30	Superior board of health .. 823.90 Vaccine station..... 106.20
			Supplies: Superior board of health .. 138.35 Vaccine station..... 36.91 Traveling expenses 383.48
	Total	<u>1,580.35</u>	Balance 1,488.84 91.51
			Total <u>1,580.35</u>
Nov.	1. Balance.....	91.51	Nov. 30. Salaries:
	15. T. D. 2518, A. W. 907.....	1,398.80	Superior board of health .. 834.70 Vaccine station..... 103.60
	27. T. D. 2581, A. W. 932.....	37.50	Supplies: Superior board of health .. 139.41 Vaccine station..... 25.55 Traveling expenses..... 61.39 Suppression, animal diseases.. 54.00
	Total	<u>1,527.81</u>	Balance 1,218.65 309.16
			Total <u>1,527.81</u>
Dec.	1. Balance.....	309.16	Dec. 31. Salaries:
	17. T. D. 2736, A. W. 969.....	1,243.10	Superior board of health .. 973.90 Vaccine station..... 106.20
			Supplies: Superior board of health .. 102.71 Vaccine station..... 31.45 Traveling expenses..... 81.36 Suppression, animal diseases.. 73.00
	Total	<u>1,552.26</u>	Balance 1,368.62 183.64
			Total <u>1,552.26</u>

Receipts and disbursements of the superior board of health of Porto Rico, etc.—Continued.

CR.

DR.

1902.		1902.	
Jan.	1. Balance	\$183.64	Jan. 31. Salaries:
	10. T. D. 2875, A. W. 996.....	1,380.20	Superior board of health.. \$992.10 Vaccine station 108.10
			Supplies:
			Superior board of health.. 179.28 Vaccine station 25.71
			Traveling expenses 51.37
			Suppression animal diseases .. 55.00
			<u>1,411.56</u>
	Total	<u>1,563.84</u>	Balance 152.28
Feb.	1. Balance	152.28	Total <u>1,563.84</u>
	10. T. D. 3088, A. W. 1028	1,395.60	Feb. 28. Salaries:
			Superior board of health.. 1,060.80 Vaccine station 99.80
			Supplies, superior board of health .. 121.63
			Traveling expenses 43.44
			Suppression animal diseases .. 55.00
			<u>1,380.67</u>
	Total	<u>1,547.88</u>	Balance 167.21
Mar.	1. Balance	167.21	Total <u>1,547.88</u>
	11. T. D. 3264, A. W. 1070.....	1,475.20	Mar. 31. Salaries:
	28. T. D. 3480, A. W. 1112.....	500.00	Superior board of health.. 1,067.10 Vaccine station 108.10
			Supplies:
			Superior board of health.. 600.61 Vaccine station 57.62
			Traveling expenses 108.02
			Suppression animal diseases .. 30.00
			<u>1,91.45</u>
	Total	<u>2,142.41</u>	Balance 1770.96
Apr.	1. Balance	170.96	Total <u>2,142.41</u>
	4. Disallowance, voucher 10.....	.18	Apr. 30. Salaries:
	12. T. D. 3495, A. W. 1123.....	1,300.30	Superior board of health .. 1,180.90 Vaccine station 104.40
	T. D. 3496, A. W. 1124.....	275.00	Supplies:
	18. T. D. 3520, A. W. 1143.....	200.00	Superior board of health .. 104.57 Vaccine station 39.54
	21. T. D. 3527, A. W. 1150.....	102.20	Traveling expenses 101.32
	23. T. D. 3578, A. W. 1155.....	200.00	Suppression of animal diseases .. 10.00
			Smallpox 396.76
			<u>1,937.49</u>
	Total	<u>2,248.64</u>	Balance 311.15
May	1. Balance	311.80	Total <u>2,248.64</u>
	10. T. D. 3738, A. W. 1177.....	1,740.70	May 31. Salaries:
	20. T. D. 3865, A. W. 1199.....	115.32	Superior board of health .. 1,151.35 Vaccine station 107.20
	30. Cr. on voucher	28.49	Expenses:
			Superior board of health .. 225.53 Vaccine station 94.19
			Traveling expenses 104.83
			Suppression of animal diseases .. 133.61
			Smallpox 200.98
			Refund to treasurer
			9.67
			<u>2,027.36</u>
	Total	<u>2,196.31</u>	Balance 168.95
June	1. Balance	168.95	Total <u>2,196.31</u>
	10. T. D. 3968, A. W. 1223.....	1,048.00	June 30. Salaries:
	13. T. D. 3978, A. W. 1229.....	1,172.80	Superior board of health .. 1,203.40 Vaccine station 104.40
	T. D. 3986, A. W. 1234.....	135.00	Expenses:
	Disallowed on voucher.....	67.50	Superior board of health .. 418.47 Vaccine station 101.10
	24. T. D. 4119, A. W. 1263.....	150.00	Traveling expenses 53.40
	Cr. on voucher .....	.65	Suppression of animal diseases .. 74.80
			"Buba Relief" 210.89
			Smallpox 389.20
			<u>2,555.66</u>
	Total	<u>2,742.90</u>	Refund to treasurer of Porto Rico..... 187.24
			Total <u>2,742.90</u>

Causes of mortality.

FROM JUNE, 1900, TO MAY 31, 1901.

Month.	Atrep-sia.	Anæ-mia.	Bron-chitis.	Diph-theria.	Diar-rhea.	Dysen-tery.	Ente-ritis.	Entro-colitis.	Mala-ria.
June.....	101	894	142	4	321	62	353	105	184
July.....	89	1,354	127	5	518	91	373	196	227
August.....	28	1,485	116	4	427	108	257	167	237
September.....	68	1,557	107	2	275	69	141	140	231
October.....	44	1,550	112	1	177	61	205	100	196
November.....	37	1,284	92	1	119	16	129	117	196
December.....	28	1,076	93	1	111	28	96	52	305
January.....	31	931	86	1	48	11	65	49	284
February.....	14	688	67	3	34	12	74	41	175
March.....	20	483	66	4	22	17	59	29	15
April.....	15	276	38	0	18	14	62	35	203
May.....	10	481	52	12	24	16	64	45	189
Total.....	486	12,059	1,098	38	2,094	505	1,878	1,076	2,642

Month.	Menin-gitis.	Glan-ders.	Pneu-monia.	Ty-phoid fever.	Raqui-tismo.	Tetano.	Tuber-culosi.	Other causes.	Total deaths.
June.....	35	5	91	28	108	72	154	1,023	3,683
July.....	46	0	134	32	137	76	149	1,458	5,012
August.....	41	0	156	20	140	94	153	1,355	4,788
September.....	28	1	155	21	132	91	144	1,016	4,179
October.....	20	1	123	29	170	103	131	957	3,927
November.....	30	1	86	25	35	107	117	969	3,421
December.....	32	1	38	26	73	84	126	735	2,905
January.....	29	1	54	21	88	101	123	671	2,594
February.....	27	0	29	17	63	75	104	427	1,850
March.....	20	0	50	8	57	56	99	521	1,726
April.....	12	0	42	8	48	70	120	584	1,545
May.....	11	1	49	8	51	71	111	626	1,821
Total.....	331	11	1,007	243	1,109	1,000	1,531	10,342	37,350

FROM JUNE, 1901, TO MAY 31, 1902.

Month.	Atrep-sia.	Anæ-mia.	Bron-chitis.	Diph-theria.	Diar-rhea.	Dysen-tery.	Enteri-tis.	Enteroco-litis.	Mala-ria.
June.....	21	489	52	1	15	45	83	33	221
July.....	25	526	40	2	13	28	82	36	227
August.....	25	587	57	2	22	36	91	35	243
September.....	24	511	47	2	18	32	79	33	238
October.....	21	685	72	4	15	23	72	23	229
November.....	14	598	90	1	7	22	79	34	256
December.....	17	575	62	0	13	18	82	29	216
January.....	25	567	86	2	10	22	74	35	198
February.....	26	460	49	4	10	14	58	35	171
March.....	31	584	61	2	11	21	73	27	199
April.....	18	411	51	4	7	11	70	29	170
May.....	14	390	61	2	14	23	87	33	128
Total.....	261	6,333	728	26	155	295	930	382	2,496

Month.	Menin-gitis.	Glan-ders.	Pneu-monia.	Ty-phoid fever.	Maras-mo infantil.	Tetano.	Tuber-culosi.	Other causes.	Total deaths.
June.....	30	2	29	15	76	65	107	595	1,859
July.....	21	0	34	14	62	68	103	656	1,937
August.....	24	0	44	15	60	93	109	659	2,102
September.....	25	0	42	3	49	88	120	507	1,818
October.....	27	0	50	7	56	111	123	743	2,261
November.....	32	1	94	6	61	108	122	759	2,284
December.....	28	1	71	11	44	112	109	698	2,086
January.....	20	8	64	4	67	125	135	709	2,151
February.....	23	1	51	8	43	70	120	633	1,776
March.....	27	0	56	12	57	107	128	763	2,109
April.....	19	0	55	12	49	78	146	610	1,740
May.....	30	0	36	7	43	90	104	332	1,394
Total.....	306	13	626	114	647	1,115	1,426	7,664	23,517

REPORT OF THE GOVERNOR OF PORTO RICO.

299

Statement of mortality by age and color from July 1, 1901, to June 30, 1902.

	Under 1 year.	From 1 to 2 years.	From 2 to 5 years.	From 5 to 10 years.	From 10 to 20 years.	From 20 to 30 years.	From 30 to 40 years.	From 40 to 50 years.	From 50 to 60 years.	From 60 to 70 years.
July.....	348	197	185	139	204	256	190	144	107	99
August.....	384	184	214	184	213	263	199	148	124	103
September.....	385	142	195	180	202	326	228	169	126	92
October.....	371	146	205	173	269	284	238	173	156	98
November.....	451	155	189	182	238	310	217	182	135	106
December.....	412	125	174	125	231	282	195	187	153	86
January.....	437	155	181	171	183	289	186	169	140	102
February.....	390	97	129	126	193	243	202	127	150	74
March.....	421	113	114	137	186	267	182	167	138	125
April.....	352	109	113	112	202	269	181	115	109	67
May.....	393	129	135	147	174	245	164	124	134	96
June.....	442	138	153	108	173	226	152	108	100	77
Total.....	4,789	1,690	1,987	1,784	2,468	3,260	2,834	1,813	1,572	1,125

	From 70 to 80 years.	From 80 to 90 years.	From 90 to 100 years.	Over 100 years.	Un- known.	White.	Mulatto.	Black.	Total.
July.....	54	25	10	3	2	1,449	451	63	3,926
August.....	62	35	11	7	1	1,540	506	86	4,264
September.....	47	31	9	4	4	1,440	593	107	4,280
October.....	85	42	18	5	6	1,613	529	93	4,504
November.....	53	29	19	1	1	1,607	545	119	4,542
December.....	72	36	12	3	2	1,485	518	92	4,190
January.....	72	41	20	5	1	1,514	535	103	4,304
February.....	43	26	16	3	.....	1,273	460	86	3,638
March.....	62	39	10	4	3	1,421	452	95	3,936
April.....	49	37	13	1	1	1,233	421	74	3,456
May.....	62	29	7	1	.....	1,278	485	77	3,680
June.....	54	32	12	2	3	1,259	449	72	3,560
Total.....	713	402	157	39	24	17,112	5,944	1,067	48,280

ANNUAL REPORT OF THE UNDERSIGNED MEDICAL INSPECTOR TO THE SUPERIOR BOARD OF HEALTH OF THE NORTHERN DISTRICT OF THE ISLAND OF PORTO RICO, FROM THE 1ST OF JULY, 1901, UP TO THE 15TH OF JUNE, 1902.

Month of July, 1901.—Following was my work done during this month: Proceeded to Guayama by order of the board to investigate a complaint made by the alcalde of said town against a respectable firm of the locality, on the grounds that said merchants had a considerable stock of noxious flour offered for public sale. After a minute inspection and examination of the flour, I found that the complaint was altogether unfounded, since the article was in perfect condition and fit for public consumption. At the same time, as a denouncement was made to me through an anonymous letter stating that a lot of ten bags of rotten flour belonging to another merchant of the locality had been concealed somewhere in the city, I proceeded to investigate this new case, which proved to be quite true. The flour was ordered destroyed, and the violator of the law prosecuted before the municipal courts.

Month of August.—Inspection of the school buildings in San Juan. A report followed, stating the bad conditions of same and recommending that certain necessary repairs be made. Besides this, several houses in San Juan were inspected, and recommendations made for the improvement of same, from a sanitary standpoint.

Month of September.—A tour of inspection was made to several towns, such as Rio Piedras, Caguas, Aguas Buenas, Gurabo, and Juncos, where sanitary conditions were extremely bad, with the exception of the first two towns, which had improved in some respects comparatively to the year before. Recommendations were made to improve butcher shops, slaughterhouses and bakeries, the great majority of which were ordered closed until put in more satisfactory conditions. In almost all of these places, lots of unwholesome food was condemned and ordered destroyed, and the owners taken to the municipal courts for prosecution.

Month of October.—By order of the board I proceeded to inspect the building of the Boys' Charity School, and having found that conditions were not by far what they should be, I recommended that immediate repairs should be made by a competent plumber on the main sewer of the building, which sewer was broken at different points; and also made recommendations to have the present system of water-closets replaced by another and more modern installation. I furthermore called attention to the overcrowded condition of the sleeping apartments, which contained a much greater number of beds than they should.

Besides the above-mentioned service done during this month I proceeded to Carolina to investigate the case of a drug store that was being illegally kept by a young man who was not a qualified pharmacist, and for said reasons I ordered the store closed at once.

Month of November.—During this month I made a tour of inspection over Cataño and Bayamon, Dorado, Toa Baja, Toa Alta, Corozal, Vega Baja, Manati, Arecibo, Hatillo, Camuy, and Quebradillas, in which places in general I met with the most deplorable neglect of sanitary laws, especially at Bayamon, Cataño, and Dorado, where only filth could be found everywhere, on streets and yards as well as in stores, butcher shops, bakeries, slaughterhouses, etc. In each and every one of said towns a considerable amount of unwholesome food was found which was thereupon condemned and ordered destroyed, and the violators of the law taken to the courts for prosecution.

Month of December.—A new inspection was made this month over Bayamon, Dorado, Toa Alta, Vega Baja, Arecibo, and Utuado. At this time I found that in Bayamon, Vega Baja, and Arecibo a favorable change in the state of affairs had taken place, although not to the extent desirable. At the other places conditions were as bad as before, in spite of my recommendations to have them changed. Again a quantity of food unfit for use was found at the majority of these towns and thereupon condemned and ordered destroyed.

Month of January, 1902.—During this month no inspection was made over the country, but I devoted my time to work at the office of the board, and to the inspection of several houses in San Juan.

Month of February.—A tour of inspection was made once more to Dorado, Vega Alta, and Vega Baja, the conditions of which were found to be extremely bad, owing to a great neglect on the part of the respective local boards of health. From Vega Baja I proceeded to Morovis, via Manati. At said place the state of affairs was something terrible. As a matter of fact, the cemetery there was entirely unattended to, and the slaughterhouses as well as the butcher shops and bakeries were so filthy and stinking that I could do nothing but order all of them closed until put in good sanitary condition. On my return from Morovis, Manati was inspected, and also Ciales, and I was pleased to find that affairs at both places were far better than I could expect. From Manati I proceeded to Hatillo, Quebradillas, and Isabela, where I was delighted to see how well the place was attended to in all respects. When at this little town, I proceeded to make a thorough investigation about the breaking out of the disease known in the island by the name of "buba," and prevailing in some barrios there. A report on the subject followed my return to San Juan, in which a full statement was made as to the number of persons affected with the disease, as well as to the symptoms, causes, nature, and treatment of same.

Months of March and April.—During these two months I was busy all the time in Arecibo and Camuy, but more especially at the former town, where the epidemic of smallpox had spread out. In both places, following instructions of the board, I took the necessary steps to have the disease checked and abated as soon as possible, and I did not leave for San Juan until I was well satisfied that the epidemic would soon be over, as it is at present.

Months of May and June.—I have made no excursions to the country during these two months, but have been occupied in working at the office and inspecting private houses in the city.

J. M. SALDAÑA, M. D.,
Medical Inspector of Health for the Northern District.

SAN JUAN, P. R., June 16, 1902.

SIR: When I was appointed to my position in November of last year, I found that the plumbing work being carried on in this city was being done by anyone who cared to do so. There being no one to oversee the work or to enforce the regulations, they put in work just as they pleased and used any class of material they chose. I found, among others, blacksmiths, machinists, masons, and carpenters all doing so-called plumbing.

To put a stop to this the board held examinations in November last, for the purpose of weeding out all of those who were unable to do at least a fair job, and to give those who had some knowledge of the trade a chance to improve themselves in their work, and to compel house owners to put in good sanitary plumbing.

The examinations, which were not very hard, gave very satisfactory results. Seven applicants were successful for master plumber licenses, and 20 passed as journeymen.

Those who passed the examinations have been given every chance possible to improve in their work and seem very anxious to learn, and at present the plumbing department of the board is running along very smoothly.

There was quite some trouble at first with some of the owners of houses, who did not seem to wish to break away from the old order of things, which allowed them to hire a laborer or anyone they could get cheapest, and to put in any class of pipes or fixtures they chose to use, but they are gradually realizing that it is to their benefit to have good work done in place of the old order of things.

In many of the houses denounced the fixtures had been installed but a few months previous, and at considerable expense to the owner; and in most of them it would have been far better if improvements in this line had not been attempted, from the manner in which it had been carried on.

Since November 14 of last year plans for plumbing work of 185 houses have been filed, most of this work having been ordered done by this board.

Among other buildings I have inspected have been those of the high school of Mayaguez, boys' charity school at Santurce, normal school at Rio Piedras, and the ayuntamiento in this city, and when the plumbing being done in these buildings is finished they will be in splendid sanitary condition.

There are still several buildings being used as schools which are in anything but sanitary condition, but in time this will be remedied also.

It was found necessary to prosecute several house owners who did not obey the orders of the board regarding their buildings, and also some persons who did plumbing work without being licensed to do so by the board.

After the present month a heavier grade of soil pipe is to be introduced, and a water and smoke test will be applied to all work done in the future. With the new regulations enforced, better sanitary work will be assured in all cities of the island when plumbing will be done under the supervision of the inspectors of the superior board of health.

There are still a large number of houses in this city in which there has been absolutely no plumbing installed, most of these buildings being situated upon streets which at present do not contain sewers. As soon as these streets are sewerized the

owners of the houses will be compelled to do away with the present filthy cesspools and to install sanitary sinks and closets.

GEORGE SPAVEN,
Inspector of Plumbing.

The PRESIDENT OF THE SUPERIOR BOARD OF HEALTH,
San Juan, P. R.

REPORT OF VETERINARY INSPECTOR OF SUPERIOR BOARD OF HEALTH FROM JULY 1, 1901,
TO PRESENT DATE.

SAN JUAN, P. R., June 16, 1902.

In absence of reliable data as to the number of horses and mules in Porto Rico, and the names of the owners of same, it became necessary to compile such a list from the reports we were able to obtain from the alcaldes of the various towns and municipalities in the island.

These lists have not always proven to be reliable, but we have made such corrections as we found necessary as we proceeded, so that in time no doubt we will be able to have reliable statistics on this subject.

The local authorities, either through indifference or a lack of appreciation of this innovation, did not render all possible assistance, and when the veterinary inspector called to make his examinations, the animals presented were not as numerous as we had a right to expect. In this connection I would earnestly request that for the purpose of serving notices and taking acknowledgments of the service of such notices, one or two insular policemen be detailed to assist this board who are men of intelligence. These men can also be useful on the day of inspection and assist in procuring records of the number of meat and milk producing live stock in the island; such a record, in my opinion, is absolutely necessary to enable this department to work intelligently.

Two men placed at the disposal of this board can do all that is necessary and at the same time render good service in observing that the sanitary regulations are properly enforced. Such men to make a daily report to this board of the work accomplished.

There are now in this island, as per our records (exclusive of those in the military department, which number about 550 animals), 57,502 horses and mules, owned by 27,038 persons.

The system of inspection we have used has been to notify the owners in a certain district to present their animals for inspection on a specified day at a certain place. As these notices have been served through the alcaldes or comisarios, the service has been far from satisfactory. In some cases we have been informed there was no help available for that purpose. When such animals as were inspected had passed inspection the owner has received a card with inspector's signature, and has been instructed to preserve some for future inspections. I have invariably found upon a return visit that such cards had been lost or thrown away. I would respectfully suggest that the board charge a nominal fee, say of 5 cents, for all duplicates issued, and that such moneys as are received for same be applied to assist in meeting the expenses of the animal quarantine station.

Periodical inspections can be made from this office, so that each one of the municipalities can be visited at least once a year; but the local authorities should be compelled to follow up this method and inspect in their districts at least once in every sixty days, and so certify on the cards now in the hands of the horse owners. I find this method has been followed in at least one district of San Juan and proven very satisfactory, and it is only by such means as this that we can expect any success in stamping out glanders in this island. The owners of the better grade of

horses and the planters and intelligent breeders have shown a disposition to assist in the work, while, on the other hand, the owners of drays and passenger hacks and coach lines have tried to evade the laws and inspection in many instances.

I have given testimony and have had several of them ordered into court, but that seems to have been the end of the matter; at least we never heard any more of the cases. I expect that if the insular police will do their duty we will be able to punish the lawbreakers under the regulations approved by the governor April 25, 1902.

In almost every town in the island there are so-called experts who cure glanders. These men, whether they act in good faith or not, are responsible for the spread of glanders and farcy in Porto Rico, and unless they are stopped in this criminal practice, our work will be in vain, as their custom has been to temporarily dry up an ulcer and then dispose of the animal in a neighboring town and so transplant the disease. There have been reported to this office as killed for glanders for the past six months 54 animals. Of these 25 have been killed in San Juan. This should not be construed as indicating that glanders is more prevalent at the capital than anywhere else, but no doubt it can be accepted as showing greater vigilance and more thorough inspection than at any other point, and demonstrating to a certainty that the only effective animal quarantine is that which is maintained by the insular board of health and under direct supervision of its employees.

During the sixty days that the temporary animal quarantine station has been established at Puerta de Tierra 19 animals have been tested there, 9 of which were destroyed, 9 discharged, and 1 still remains under observation.

Inspections of animals have been conducted in San Juan, Rio Piedras, Carolina, Rio Grande, Caguas, Cayey, Guayama, Salinas, Gurabo, Juncos, Bayamon, Toa Alta, and Vega Baja, many of these for the second time. There have also been visits made to several towns to investigate alleged outbreaks among cattle, which have proved to be without foundation. It is necessary that this board procure a piece of land which can be used for a quarantine station and where condemned animals can be buried, there being absolutely no place fit or available for this purpose now. For the short time that this branch of your department has been established, I think that we can feel satisfied with results; when it becomes better understood as people realize the benefits, perhaps this department will be better supported.

Cattle.—We are at the present time without any data as to the number of available cattle in Porto Rico. Few if any steamers leaving this port for Cuba fail to carry live stock from here, and I have known one vessel to carry over 700 head on a shipment. Cuban buyers coming to this market are purchasing to stock Cuba, and most of their purchases have been young bullocks and heifers and cows with suckling calves. The effect on the cattle industry of this island, as well as on the meat and milk supply, can not well be estimated now, but I have no hesitancy in saying that it is a subject which demands immediate attention, more especially as the recent law permits the slaughter of female cattle to the extent of 50 per cent of those that are killed for consumption. The effect of this law is already felt, the prices of cattle having advanced, and the quality of those presented for slaughter being inferior to that of a year ago. The statements of interested persons should not be accepted as conclusive, but an accurate list of all sales, purchases, and births of cattle should be at the disposal of this office. The health of the cattle, as far as reported, is fairly good, and while there may be some cases of tuberculosis, I think the fact that they are nearly all range cattle has a great deal to do in keeping them practically free from this disease, as the percentage of animals that are housed is very small.

In the slaughterhouses it has been shown that many animals are infected with *distoma hepaticum* (liver fluke). I have always ordered the affected livers destroyed for apparent reasons. This condition can only receive prophylactic treatment, and is not such that need cause any apprehension if the local meat inspector attends to his duty honestly. While on this subject I would suggest that no person be per-

mitted to act in the capacity of meat inspector unless approved by the superior board of health, and that any person writing a certificate of meat inspection, without first having performed such inspection, be debarred from thereafter ever holding such a municipal position. The disgraceful condition of some of the slaughterhouses and butcher shops I have already reported on and no doubt the law which goes into effect on July 1, if properly enforced, will remedy this evil.

I deem it my duty to draw the attention of this board to a habit which prevails in this island, of drinking blood from slaughtered animals. This is undoubtedly a cause of a great deal of sickness and the greatest possible medium of communicating disease from live stock to the human, as antemortem examination of cattle can not and does not reveal pathological condition and the blood is always taken before there is an examination of the viscera.

Dogs.—There have been several cases of rabies reported to this office; three of the cases which came under my personal observation were in females in advanced stage of pregnancy. The habit of people feeding their animals with stimulating food makes it easy to understand how an animal in this condition may simulate or at least create the impression that it has hydrophobia.

In connection with this subject I would respectfully draw the attention of this board to the hundreds of unlicensed and unmuzzled dogs now at large in the streets of San Juan contrary to law. Should there be an outbreak of true rabies in this community it is hard to say to what extent the disease would prevail before being stamped out.

To recapitulate, I would respectfully ask your consideration of the following:

The cooperation of the insular police in enforcing all laws and regulations from this board; the establishing of a proper animal quarantine station, where tests and experiments for all contagious diseases of animals can be made, and where such persons who so desire can be instructed in the rudiments of meat, animal, and food inspection, under the direction of the various inspectors in your department. This will form a nucleus from which the various municipalities can eventually be supplied, and that in time may give thorough, reliable sanitary inspection even to the smallest town in the island.

Very respectfully submitted.

EDWARD SCHIRMER, *Veterinary Inspector.*

Vaccine station statistics, July 1, 1901, to June 30, 1902.

Total number of points taken during this time.....	154,920
Total number of animals used during this time	134
Total number of animals successfully vaccinated.....	131
Total number of animals unsuccessfully vaccinated	3
Largest number of points from any one animal	4,300
Smallest number of points from any one animal	150
Average number of points from male animals	1,316 ⁵⁸ ₅₈
Average number of points from female animals.....	1,072 ⁷⁷ ₃₆
Average number of points from all animals.....	1,182 ⁷⁸ ₁₃₁
Number of animals rejected:	
Already vaccinated	1
Warty excrescences	3
Number of animals died (peritonitis from intestinal obstruction).....	1
Value of dead animal	\$9
Number of animals vaccinated but no virus taken	3
Causes: Two showed signs of catarrhal fever and 1 died from peritonitis due to intestinal obstruction.	
Cost per head for hire of animals	\$1.80

The discrepancy between the highest number of points and the lowest is to be accounted for by the fact that, as the different municipalities did not return the used points, there were many calves that would have given large quantities of points had there been any to use. So that only enough virus to vaccinate another calf was taken.

During the dry season feed was very scarce, and I find the pasture at this station is far too small for the quantity of animals necessary during February, March, April, and May.

During the current year a large tank, with a capacity of 8,000 gallons, has been built, which receives its water supply from the roof of the station. A pipe runs from this tank to a drinking trough built for the calves behind the stable. The old letrina, formerly a menace to the health of the household, has been emptied and refilled with earth. A new letrina has been built a hundred feet away from the house and with good drainage. I have noticed that the supply of virus given by the calves is largely governed, first, by the feed; second, by color of animal, the darker animal giving larger quantities, and, third, atmospheric changes, such as cold nights after a hot day, heavy winds, and rain storms.

The vaccine station is unfortunately located in a swampy and unhealthy district, and it is impossible to raise enough feed for the stock. The district is malarious, and the health of the cattle is thereby impaired. It would be to the interest of the station to remove it to a more elevated locality, where land is cheap and where better sanitary arrangements could be made.

W. BERNARD STEBBING,
Superintendent Vaccine Station, Superior Board of Health.

SAN JUAN, P. R., June 16, 1902.

SIR: I have the honor to submit the following report on the work of this laboratory for the past fiscal year:

In general terms the character of the work has been very similar to that of the preceding year and a half, and like that has been practically limited to an investigation of such articles of food as the experience acquired during the past two years has shown are more apt to be adulterated, or of inferior quality. It is gratifying to note a gradual development of interest in the work of the laboratory on the part of the public at large, as has been shown by an increase in the number of samples sent to the laboratory from various parts of the island; of course everything has been done and will be done to stimulate and develop this interest, which we must secure and hold if we hope to bring our work to its maximum efficiency. I am very sorry not to be able to report any considerable progress in the direction of extending the work of the laboratory into the outlying towns of the island, advisability of which is so evident as to call for no emphasis on my part, and it is hoped that an improvement in this respect may be effected in the very near future.

I would again respectfully call your attention to the inevitable results of confining the operations of the laboratory to the narrow district to which it has heretofore been restricted, the ultimate effect of which will be not any very decided decrease in the amount of adulterated food sold in this island, but rather a concentration of it at those points which lie beyond the limits to which our investigations at present extend, resulting in an intensification rather than diminution of the evil which it is our special desire to correct.

The investigations of the past year have presented evidence which will go far toward the solution of the problem, to prove who are really responsible for the condition of such articles as may be found to be adulterated or inferior, as frequent examinations have been made of samples secured immediately after their arrival from Europe or America, by which means, it is hoped, will be proved whether the adul-

teration (if such is detected) has been practiced prior or subsequent to the arrival of the article in Porto Rico, thus not only relieving from all suspicions of culpability those really innocent, but at the same time furnishing information of value in the suppression of the sale of such articles.

Of course this same method is, whenever practicable, applied to the examination of articles of native production.

It is with great regret that I have to report the continuance of conditions which have made practically impossible the prosecution of investigations in the direction of a systematic examination of the water supply of the island, the importance of which can scarcely be overestimated. While repeated examinations of the water furnished from the aqueduct to San Juan have shown it to be of very fair quality, so far as a purely chemical examination reveals its character, and aside from an undesirable amount of purely physical matter at times, due to imperfect filtration or other mechanical defects, the data obtained from well and cistern waters lead to altogether different conclusions.

When it is remembered that it is from this latter source that a very large part of the water supply of the island is derived, the very urgent necessity of an investigation of the kind mentioned is too obvious to need further demonstration. I do not think that anything short of the impossibility of doing it will justify the continued delay of this work. In addition to the routine work of the laboratory, which, as has been stated, has consisted very largely of articles of food, there has been a marked increase in the number of applications from the courts of the island for examinations of various kinds in connection with criminal cases.

These have required examinations from time to time of clothing, viscera, articles of food supposed to have produced sickness or death, etc.

In this connection I would call your attention to the urgent necessity of issuing in printed form clear and explicit directions for the guidance of those sending articles to this laboratory for examination, as to the proper manner of securing such, the quantity required for analysis, and the precautions to be observed in their shipment.

I would also suggest, as a means of securing the information that is especially necessary in examinations arising from criminal cases, not only to avoid unnecessary delay, but also of prime importance in preventing erroneous conclusions, based on the results of the examinations, that a sufficient number of printed forms similar to attached sample be printed and distributed throughout the island to the various judges, alcaldes, health officers, and others liable to need them. The experience of the past has abundantly proved the necessity of insisting on the observance of the greatest care in such cases, in which the extreme carelessness so often observed is fraught with such serious consequences.

The increase in the amount of work noted over that of the past year is due in great part to a very welcome as well as valuable addition to the personnel of the laboratory through the appointment of Mr. Rafael del Valle as assistant chemist.

Mr. del Valle entered upon the discharge of his duties on September, 1901, and throughout the whole period of his connection with the laboratory has continued to render most valuable service by the careful and very satisfactory discharge of all duties assigned him. I hope very much that it will be possible at an early date to increase the salary attached to this position to a figure more commensurate with the amount and kind of the services rendered. The duty of securing samples for examination at the laboratory, which has devolved upon Mr. José Maymó, has also been done in a very satisfactory manner. I would also be less than just if I failed to commend the unfailing industry of the janitor of the laboratory, James Furlong, who has rendered continuous service in it from its organization in a thoroughly satisfactory manner.

In conclusion, I would respectfully make the following suggestions looking to the increased efficiency of this department of your work:

While the equipment of the laboratory so far as the stock of chemicals and such apparatus as the ordinary demands made upon it require is fairly satisfactory, the urgent need of more room has been intimated, and is a question which I hope will find a satisfactory solution at a very early date. Besides the additional room absolutely necessary for the work of water examination, the frequent demands upon your chemist for examinations in connection with criminal cases, upon the successful prosecution of which examinations life and death may depend, make of no less importance the addition of another room in which such investigations can be conducted with freedom from the interruptions inevitable under the present conditions. When it is remembered that the fines imposed upon the violators of the food law, arising from prosecutions recommended by your board, which in turn are based on the results of examinations made in this laboratory, are sufficient to pay, if not all, at least the greater part of its current expenses, it is certainly not an unreasonable expectation that all possible means will be afforded those connected with it to discharge in a satisfactory manner the multitudinous duties devolving upon them.

To the above urgent reason for selecting a more suitable location for the laboratory may be added the fact that the condition of the rooms at present occupied is such that is to be not only a constant and serious menace to the health of those occupying them, but owing to their location in the immediate proximity to the sea, serious injury to the instruments stored in them is unavoidable. I hope that the urgency of immediate action in this matter may be thoroughly impressed on those capable of making such action effective. The importance of securing the interest and cooperation of the people in our work has already been referred to, and I shall take the liberty of recommending such means as seem to me apt to be of value in accomplishing this object. Of those which appear to me to be of prime importance, I would suggest a more liberal use of the press. The publication throughout each year of bulletins describing the nature of the investigations conducted in the laboratory for the preceding three months, say, together with a statistical statement of the results of these, would not only satisfy desire on the part of the public to know something of the work accomplished, but would also, I am persuaded, serve to show its real value and suggest means by which the public could aid materially in its advancement. If, besides such statistical statements, the bulletins contain brief directions for the proper care of such articles of food as might be treated in them, and also describe simple means for the detection of the more common adulterants of these, I am sure that the educative value of such literature would be very considerable, and besides you would thus put in the hands of the public a means of defending themselves against the consumption of impure food, which is the prime object with which our investigations are made. Unfortunately those most familiar with the workings of this laboratory are introduced to it by officers of the law, and if upon such the impression is produced that it is used as a means of prosecution rather than a means of defending them against unsanitary conditions, their conclusions are perhaps not altogether unnatural, though certainly unfortunate, and all possible means should be taken to correct them. It is unquestionably true that a great deal of the unsatisfactory condition of the various articles of food sold in this market is due to ignorance as to any effective means of preventing or remedying them. And it seems to me that a systematic instruction by such publications as I have described would abundantly justify, by its results, all expense and labor incurred. In connection with the subject of an extension of the field at present covered by our investigations, I would suggest that the examinations of articles of food entering this port from distant points be extended so as to include the examination of those whose

character might be revealed by other than chemical means, such, for example, as fruits and vegetables in the natural state, meat, etc. Very frequently the adoption of such means would prevent the presentation of such articles for sale, and would avoid the necessity of a more tedious chemical examination.

Within the last few months a standard of purity of the various articles of food, drink, etc., has been adopted after a careful inspection of those recognized, both in Europe and America, and a proper consideration of such local conditions in Porto Rico as suggest the necessity of modifying the requirements in other countries. In this connection I would respectfully repeat the recommendation made some time since, that before the final adoption of these standards you invite the inspection of them by the merchants and others interested, in order that when finally published they may contain only such provisions as may appear necessary to obtain their sole object, that is, the prevention of the sale of articles either positively injurious to health or that purport to be a nature or class different from what they really are.

In spite of the fact that legal proceedings against violators of the food law, based on recommendations sent out from your board, are almost of daily occurrence, no report is made to you of the results of such prosecutions. It is impossible to know the number of such carried to a successful issue.

I think that not only should such information be furnished to your board as data to be permanently recorded, but also that a statement of such legal proceedings as are recommended by it, together with the result of these, should be published at regular intervals as a matter of public interest and for the sake of the moral effect they might have.

I would respectfully call your attention to the adjoined table prepared by the assistant chemist, Mr. Rafael del Valle, in which is presented in a statistical form the results obtained in the numerous investigations conducted throughout the past year, so far as these results can be so expressed.

The various articles examined, arranged in general terms in an order corresponding to the number of samples of the different classes investigated, are as follows:

Milk.—Of the total number of samples of all kinds examined, 403, or 75.33 per cent, were samples of milk taken not only from the various depots of San Juan, Puerta de Tierra, Santurce, and Rio Piedras, but also those secured directly from a number of the "vaquerias" or milk farms of this vicinity, as well as at the different "ports of entry" through which the milk reaches this market.

The importance of securing for this community a supply of milk of reasonably good quality is so evident that it is thought the relatively very large amount of time and trouble devoted to the investigation of this article is fully warranted by this consideration.

When it is remembered that milk is the food par excellence of very young children and invalids, both especially susceptible of injury arising from imperfect nutrition, no further statement should be necessary to demonstrate the extreme importance of a constant sanitary supervision over it. If a mere deterioration in the quality of the milk were the only result arising from its adulteration the offense might be regarded as of a somewhat serious nature, but when the adulteration is (as is true in almost all cases) water, which in all likelihood contains in itself the germ of disease, the practice certainly warrants the use of the strongest terms in condemning it and in the employment of the most stringent means in its suppression.

It is to be regretted that in spite of all the precautions taken looking to the suppression of this most iniquitous practice the percentage of adulterations has increased rather than diminished.

For this truly deplorable state of affairs there seems to me to be only one satisfactory explanation, viz, that those who have the power to correct the evil by the imposition of suitable fines upon all convicted of selling adulterated or impure milk do not fully appreciate the extreme importance of putting a speedy stop to this altogether unwarranted and unjustified form of adulteration.

In this connection I will also call your attention to the advisability, to say the least, of a careful examination by a competent person of the cows of the various dairy farms supplying milk to this market.

Such an examination should, of course, include an investigation both of the "vaquerias" and milk depots as to what precautions, if any, are taken to avoid the contamination of the milk through the introduction of material that a purely chemical examination fails to detect.

To adopt every possible means to guard against the contamination of this article of such universal consumption is only to place ourselves in the ranks of those who are most scientifically and most effectively combating conditions prejudicial to public health.

Some explanation in connection with the data referring to milk seems necessary to avoid erroneous conclusions.

In the first place, the percentage representing the adulterations for each month should always be taken in connection with the total number of samples examined in that month in order that a proper value be assigned to the figures representing the adulteration. For example, in the month of July 2 of the 7 samples examined were adulterated, but it would not be fair to assume that if 50 samples had been examined this same percentage of adulteration would have been found.

Again, a very notable decrease in the number of adulterated samples in September and October is due to the fact that almost all of the samples examined in these two months came directly from the country and were not exposed to the malign influence of the city, apparently so disastrous to milk of the highest character.

There is every reason for thinking that if these samples had been secured as usual, in the open market, the percentage of adulteration would have been much greater for that month, which in turn would, of course, have materially increased the total adulteration for the year.

Wines.—The investigations of wines throughout the past year, unlike those embodied in my previous report (which dealt most exclusively with those of native productions, and therefore of course purely artificial), have been conducted with a view of learning the character of those imported into the island.

Of the 86 samples examined, 11, that is, 30.56 per cent, were adulterated, and 14, or 38.88 per cent, were inferior. Of the adulterated, 7 contain an excess of "sulphates," expressed as potassium sulphate, and 4 contained anilin coloring material.

Lard.—The results of the examination of 29 samples belonging to this class show pure lard to be a comparatively rare article in this market, 23 of the 29 samples examined being compound lard. Of course no serious objection can be raised against the sale of such provided its true nature be made known to any would-be purchaser.

Water.—In the classification of the 19 samples of water, the description of 12 of these as "good" indicates nearly that the data obtained in their examination was not considered sufficient to condemn them, although they were not of an altogether satisfactory character.

Butter.—The results obtained in the examinations of the 17 samples of butter show that the greater part of this is of a very inferior quality, in spite of the very flattering credentials by which they are accompanied. Although the table shows 9 samples classed as adulterated, 1 of which was oleomargarine, those described as inferior would have been put in the class of adulterated had it been thought wise to apply even a moderately rigorous standard in classifying them.

Vinegar.—As in the case of butter, extreme leniency has been exercised in the classification of vinegars, freedom from any substance of an injurious nature and a total acid percentage of not less than 3 per cent (in terms of acetic acid) being the only requirement demanded to entitle them to be classed as "genuine," except, of course, the additional one of conforming in their quality to that of the class to which they purported to belong. Of the 4 samples classed as adulterated, 1 contained free sulphuric acid (0.59 per cent) and the remaining 3 were deficient in acetic acid.

Olive and almond oil, rum, anis, gin, coffee, and bread.—Nothing need be said in regard to these articles except that the number of samples examined was insufficient to draw any conclusions of value as to the average quality of these as found in this market.

Finally, I desire to express my thanks to the newspapers of the island for their uniform courtesy in publishing gratuitously all communications relating to the laboratory which have been sent them. They have thus been the means not only of explaining the character and object of the investigations conducted in the laboratory, but have also been very effective agents in the diffusion of knowledge that it is hoped will tend to the improvement of the sanitary conditions of this island.

Respectfully submitted.

WILLIAM N. BERKELEY,

Director of the Laboratory, Superior Board of Health, Porto Rico.

THE PRESIDENT OF THE SUPERIOR BOARD OF HEALTH,

San Juan, P. R.

REPORT OF THE DIRECTOR OF CHARITIES.

OFFICE OF DIRECTOR OF CHARITIES,

San Juan, P. R., June 1, 1902.

SIR: In submitting a report of the institutions under the control of the director of charities to June 1 of the present fiscal year, in compliance with your desire, I have the honor to state that very little of unusual historical interest has transpired, the condition of the budget simply permitting an increase in the average number of inmates and improvement in the physical condition of same. The increase of inmates has been material, without proportionate increase of personnel, the additional average number of inmates cared for being 98, or 16½ per cent, and the increase of personnel 13, or 12 per cent, the total number of inmates cared for during the year being 905; the net per capita expense of personnel and inmates being 30½ cents per diem as against 30 cents per diem for last year or a gross per capita, including office and all administrative expenses, of \$0.333 as against \$0.326 per diem for last year, an increase of 7 mills.

At this nominal increase of proportionate cost, the condition of the inmates has been materially improved in every respect. They are better housed by improved conditions of sanitation, interior arrangement and repair; better clothed with a more abundant wardrobe composed of a better class of material; better taught by increased facilities in both scholastic and manual training departments, and better disciplined by increased experience with the systematic methods of modern ideas.

The buildings are now all in good condition with the exception of a need of painting, both inside and out, and some new flooring, all of which has been financially provided for in the budget of 1902-3 by the bureau of public works, which has charge of major repairs of public buildings. With a transference of funds authorized by the governor from the savings in the various appropriations of the division, a purchase has been made of a complete outfit of white enamel iron hospital beds for the entire number of inmates and personnel. These beds, now in transit, are of a superior quality and will not only be a great improvement to the appearance of the institutions, but much cleaner, more comfortable, and cheaper in the end, as the Porto Rican cots now in use are a constant source of expense for repair and refitting.

The most important event affecting this division was an act passed by the last legislature and approved by the governor February 25,

1902, to establish and maintain an asylum for the indigent blind, to take effect March 1, 1902, with an appropriation to care for 150 inmates. This act entitled each or any municipality of Porto Rico to proffer a suitable building or part thereof for this purpose to the insular government, free of charge, and illumination for same, allowing two months' time for making the offer and permitting the governor to make a selection or to reject any or all such offers; no suitable proffer being made, the asylum to be located at the city of San Juan, in such public building or part thereof as the governor may deem suitable for the purposes of the institution. The only proffer made, that of San German, was deemed unsuitable on account of inaccessibility, the difficulties of transportation for both inmates and supplies being great, and consequently was rejected.

At time of writing no building has been selected, but it is expected that one will be in readiness for equipment by July 1, the beginning of the fiscal year. This office is prepared to proceed with the work as soon as the building is finally selected and turned over.

Very little change has taken place at the leper colony since its installation at Cabras Island in November, 1900. Several new patients have been admitted, but the superior board of health, within whose province the determination of this disease is, has had many difficulties to contend with in its endeavor to deliver to the colony the balance of those afflicted and at large on the island and estimated at about between thirty and forty. One of these difficulties is that of transportation after discovery, the common carriers absolutely refusing to bring same from the surrounding country. Special effort is now being made to provide for this transportation and it is hoped that the coming year will see all those suffering from this loathsome disease segregated at the colony. As the disease is not prevalent to any extent, nor does it seem to be on the increase, isolation should, in a few years, cause its annihilation. One man admitted as a leper was found upon subsequent and more thorough examination not to be suffering from leprosy and was discharged upon recommendation of the superior board of health.

The colony is especially well located; the inmates are well housed and provided for and express themselves as being as contented as possible under the circumstances. Many books and illustrated periodicals have been contributed for their use, and though most of them can not read they enjoy the illustrations.

They have their games, such as checkers, dominoes, cards, etc., whiling away the time with every appearance of desiring to reconcile themselves to the inevitable, and not at all predisposed to find fault. The buildings are substantial masonry ones, originally built for quarantine purposes, the male and female departments being separated by about two hundred yards, with separate buildings for the practicante

in charge and for the employees. Considerable repair work has been done during the year, and the colony is now well equipped in every way for its purpose.

Some work is performed by those of the inmates who are able, the women making the clothing for themselves and the men; also assisting in taking care of the sick.

When the budget for the present fiscal year was prepared the number of insane inmates at the asylum averaged about 135 to 140, without much fluctuation, owing to the fact that death and discharges about evenly balanced. So appropriation for 160 inmates was considered ample. However, about this time, owing to the improved sanitary conditions and the increased facilities for the immediate reception of applicants, the death rate began to immediately decrease, and we opened the fiscal year July 1, 1901, with 182 inmates, which gradually increased to 203 in April—high-water mark at time of writing—making a daily average for the year of 189. On June 1 we have 198 inmates with 17 outstanding orders of admittance for patients expected daily, making a total of 215. We are therefore starting a new fiscal year with not only more than the full quota of 200 provided for during the coming fiscal year, but all that the building can accommodate without crowding. Isolation wards are very much needed for criminal and tuberculous patients and should be the first thing supplied when an increased capacity of the building becomes necessary. This can only be done by adding stories to sections of the present building.

The building is kept in repair by the inmates, under the supervision of a carpenter and a mason employee, and considerable work is done in this way. The inmates are almost entirely from the ignorant classes, and do not come as artisans or with any education, and largely without sufficient intelligence left to learn trades, even if we had the facilities to instruct them. The women make all their own clothing as well as that of the men, assist in the kitchen and laundry, take care of the dormitories, and the cleaning of the building. In fact all who are able are kept employed as much as possible as the best curative for their disease.

The patients have their amusements and are encouraged in them as much as possible. During the year a gymnasium has been started and the nucleus of a band of music has been formed. The native love of music seems to be the keystone of all their enjoyments.

Under the jurisdiction of the bureau of public works, important improvements were made in the building, at a total cost of about \$2,000. Fifteen new cells for unruly patients were built in the male department on modern lines and fully equipped with modern sanitary appliances.

A new sewer was laid connecting with the female department, and new plumbing replacing the old. Baths, water closets, sinks, and



modern facilities placed on the upper floors. More remains to be done, but as a whole the general conditions are excellent. A detailed report from Dr. F. R. Goenaga, superintendent and physician in charge, is herewith appended.

The beginning of the fiscal year found the Girls' Charity School in very good condition both as to building and inmates, and no important changes have taken place. A steady and general improvement continues throughout. The results of the scholastic department are excellent, and particular attention is paid to the study of English, and the girls are taught everything possible to fit them for employment on their discharge. They make all their own clothing, do all mending and darning work, take care of the dormitories and the cleaning of the building, do their own laundry work, and assist in the kitchen and dining room. Fair success has been obtained in finding employment for those reaching the age of discharge, details of which are given below. Considerable objection is made by the guardians of children to having the children placed at service with families, it being looked upon as a degradation for any but negroes to do housework, and frequently children will be taken to houses of poverty in preference to allowing them to be placed with responsible families, where they will be required to perform light domestic service.

Great care, however, is taken to prevent girls being taken to their homes where the morality of parent or guardian is questionable, and in such cases, which sometimes occur, the girl is placed in employment and forbidden communication with her people. Owing to such a condition one child was sent to the United States and another was temporarily employed at the insane asylum, where close supervision could be held over the child till she could be placed elsewhere.

Considering these drawbacks, it is a pleasure to announce as much success in this line as has been obtained, particularly as there is absolutely no other form of employment for women in Porto Rico.

The Boys' Charity School has been the most difficult problem to solve as it has been the most ambitious undertaking of any of the institutions. Care has to be taken not to overeducate the children in the scholastic department as well as in their mode of life, thereby unfitting them for the sphere of life to which they are called, and at the same time to give them every advantage to assist them to improve their condition through their individual effort, if capable. Discipline, the foundation stone of all education, was deemed best obtained by military training, and this training has demonstrated its usefulness from the beginning and has been as successful here as the same class of training with American boys—teaching obedience, self-reliance, and respect for superior authority, as well as being an important factor in physical training. All military formations are conducted by the cadet officers, all commands given in English, and all made to feel their individual responsibility. The routine, as shown by "List



BATTALION BOYS' CHARITY SCHOOL.

of calls" furnished herewith, is fully carried out and the result is very satisfactory.

The uniform consists of black shoes and stockings, knee trousers, with belt, blouse and cap made of two classes of material, khaki and blue denim. It is aimed to keep each boy supplied with two suits of each in good condition.

The uniforms are all cut out and made in the school tailor shop by the master tailor, with the assistance of the boys and extra sewing women when necessary.

The scholastic department strictly follows the curriculum of the department of education and a corps of six graded teachers efficiently carry on their work. As a result of their instruction, the two boys who took part in the competitive examinations under House bill 35 for the education of twenty-five young men in the United States were both selected on their merits, and both have received excellent commendations from the schools to which they were sent. Special attention is paid to the teaching of English, and the children have had impressed upon them the importance of a knowledge of the language as a factor in the earning of a future livelihood. The military commandant and two teachers are Spanish-speaking Americans, two teachers are Porto Ricans, who speak English very well, and the other two are learning the language. All are instructed to talk English as much as practicable in their daily intercourse with the boys. Several of these boys have been placed with American firms and families with sufficient knowledge of English to materially add to their usefulness.

As much attention is paid to the manual-training departments as their restricted accommodations permit, but with the exception of the bakery none of the shops are adequate either in room capacity, arrangement, or equipment. It is earnestly hoped that the next legislative assembly will authorize a thoroughly equipped manual-training school in a separate building, to be built on the grounds belonging to this institution, which are ample.

The boys between the ages of 14 and 16 years will, as now, divide their time between the school and the trades, but the age of discharge to be changed to 18 years for those designated by the director of charities as apt mechanics. They will devote eight hours a day for the last two years to trade learning, thereby receiving their discharge as full-fledged artisans at an age when they are thoroughly able to provide for themselves. It is fully believed that very shortly such an institution would be nearly, if not quite, self-supporting. Not only could all work of this class for the institutions under the control of this office be performed by the inmates, but much other governmental work as well which now has to be paid for.

During the past year the bakery was enlarged and materially improved. The bread for all the institutions, amounting to 484 pounds daily, is baked here nightly by the master baker, an employed

assistant, and 3 of the boys, and is delivered fresh every morning by the school delivery wagon. This bread is of a superior quality, made from Pillsbury XXXX flour, at a cost of 2 $\frac{3}{4}$ cents a pound, the market price for bread being 6 cents a pound in San Juan. The bakery has sufficient capacity for the blind asylum also when organized.

The carpenter shop furnishes employment for 15 boys. The minor repairs to the buildings and furniture of this institution, and also the girls' school, are made by these inmates. Much furniture, such as cots, dining tables and benches, school forms, bookcases, wardrobes, lockers, etc., are made here in their entirety. Some scroll work, picture frames, and fancy carpentering is also taught.

The shoe shop employs eight boys, where mending and repair work alone is done. Still the shoes for all the inmates are kept in repair and that keeps the shop busy.

It would require too large a force to make a sufficient number of shoes for all, and besides they can be bought better and cheaper in the United States.

The tailor shop employs ten boys and five employed sewing women. All the clothing and bedding for the inmates are cut out and sewn here, as well as all mending and repair work.

Extended facilities are particularly needed here, as it is difficult to keep up with the work.

Attempts at agriculture have thus far not proven very successful, part of the soil needing draining and part being dry, and also the "changa," a native insect, has been very destructive to seed. In spite of these drawbacks, however, an especial effort was made this spring to overcome these obstacles. A yoke of oxen was purchased, the ground newly and deeply plowed, and it is hoped that a crop will be developed sufficient to warrant the necessary expense to put the grounds in proper shape for cultivation by fertilizing and draining. No appropriation has been obtainable for this purpose thus far.

The band is an important feature of the institution. The Porto Ricans being naturally musical, the boys, with proper training, have proven themselves adept. During the year an entire new set of instruments has been purchased in the United States and the band now numbers 27 musicians, with 14 additional apprentices to take the places of the regular members upon discharge. These boys play well, not only as boys, but will compare favorably with bands of mature men. They give a weekly concert, which is highly appreciated, and have appeared in public several times, when their reception has been very flattering. Any of these boys when discharged at the age of 16 would be qualified to assist in earning his living by his knowledge of music, should opportunity offer.

During the year a library has been started for the benefit of the

inmates, and any donation of books for this purpose would be a kindly act and would be very acceptable.

The building is now in excellent sanitary condition and the health of the inmates all that could be desired.

A new iron sewer has been laid and new water-closets and baths have been installed, about \$4,000 having been expended for this purpose.

As from the beginning of the civil government, the entire financial management of the institution, the purchase of all supplies, the employment of all assistants, the payment of all accounts and salaries, the admissions and discharges of all inmates, are still conducted from the office of the director.

STATISTICS.

The consolidation of the municipalities of the island necessitated a reapportionment of the inmates of the charity schools. Also the number of inmates for the boys' school had to be reduced from 300 to 275 owing to an overcrowded condition.

Each town is allowed a number of inmates proportionate with its number of inhabitants.

As has been explained before, the reason that several of the towns have more than the allotted number of inmates is resultant from the conditions existent prior to American occupation when admissions were made in an unsystematic manner and when San Juan and the neighboring towns received more than their share of inmates. This condition has been materially improved since the last report and as fast as practicable each town will receive its proper quota.

Attention is called to the fact that during the last year San Juan has been reduced from 71 to 43 boys and from 64 to 40 girls, the allotment being 10 and 7.

Other towns, such as Bayamon, Toa Alta, etc., have had other towns consolidated with them, which gives them an increased, undue allowance. Owing to the large waiting list, 492 boys and 287 girls, or 779 in all, most of whom can never be admitted, the age of admission was changed from 14 to 12 years of age. This not only gives the children the advantage of additional time in the institutions but reduces the liabilities of accepting children whose habits may be formed for the worse and who are not as amenable to discipline.

ADMISSIONS AND DISCHARGES.

The admissions to the insane asylum during the period covered by this report number 134 patients. These were received from all parts of the island as fast as applications in due form were presented.

The only rejection made is of a patient suffering from a contagious disease or one needing treatment for a disorder that must be attended

to prior to the treatment for mental disorder. Of the discharged patients, 75 in all, 72 were cured and 3 were harmless incurables, and removed upon application from their guardians with the duly signed approval of the alcalde. The deaths numbered 50, details of which are given in the attached report of the superintendent.

The admissions to the Boys' Charity School numbered 78, and the discharges 51. Of this number, employment was found for 19—11 in mercantile life and 8 were placed with reputable families as domestic assistants, receiving board and pay for said service. The balance were returned to their families or guardians.

The admissions at the Girls' Charity School numbered 36 and the discharges 39. Of those discharged, 6 were placed at domestic service and the balance were returned to their families.

This is the first year that special effort has been made to find employment for the children and the result, though small, has been satisfactory.

That the number of those returned to their homes is so large is accounted for by the fact that most of them should never have been admitted to the institutions as destitute children.

They were admitted under Spanish régime with the apparent idea that that was the easiest way to provide for them. Several were discharged before reaching the age limit when found that their people could support them and many who had reached the age of discharge were taken to their homes by relatives in preference to having them accept positions to do domestic work. We are fast reaching the period when this class of inmate will be eliminated and additional attention will be paid to providing work for those deserving.

DEATH RATE.

When the wretched, anemic, underfed condition of many of the inmates upon their arrival at the institutions is considered, it is all the more gratifying to report that no deaths and no cases of serious illness have occurred during this period at either of the charity schools with their aggregate of 552 children cared for.

Although the total death rate at the insane asylum remains the same as last report—15 per cent—the percentage of cured has risen from 16 to 22 per cent.

Taking the patients admitted during the period of this report as a class by themselves, the death rate drops to 10 per cent and the number of cured increases to 25 per cent. These statistics compare very favorably with the reports of several asylums in the United States on file in this office.

The physician in charge reports that nothing approaching these figures has ever been obtained since the founding of the asylum.

Two died on the day of arrival at the asylum, one while being carried in.

CARPENTER'S SHOP, BOYS' CHARITY SCHOOL.



FINANCIAL.

In submitting a financial report, as the fiscal year is incomplete, it seems advisable in making a comparative statement as desired, to subdivide the statement in three periods and to give an average monthly expenditure for each period and the average daily per capita for the total period. The per capita expense includes administrative expenses of office, amounting to \$700 monthly, included under the per capita for incidentals.

The first period is from February 1, 1900, the time that the charity schools were removed from the insane asylum and transferred to Santurce, to May 31, 1900. The second and third periods of twelve months each, to date.

It will be first noticed that the average monthly expenditure increases in each period. This is simply accounted for by the increased number of inmates and personnel, that of the leper colony being chiefly caused by the removal of the lepers from the old shed, where they were formerly shut up back of the San Juan district jail to their present comfortable quarters, where they are provided with proper care. The per capita expenses of the first period is not a fair standard by which to judge the other two periods. In the confusion caused by separating the institutions very little was done beyond feeding the inmates; the appropriations were exhausted, the scholastic department in chaotic state, new material, clothing, utensils of all kinds, necessary but not bought till subsequently, and in fact it was not till July 1, 1900, that anything could be done toward putting the institutions in proper shape.

The second and third periods are nearly equal in every subdivision, though all institutions show a slight decrease in per capita in the third period except the Boys' Charity School. The increase here is shown in the incidental-expense account and is accounted for by the betterment of equipment of the building and inmates throughout. The slight decrease in the girl's school is found in both the subsistence and incidental accounts. The insane asylum shows decrease in both salary and subsistence accounts, while the chief decrease at the leper colony is in the incidentals.

As stated before, the per capita expense for the entire population of all the institutions averages \$0.326 per diem for the second period as against \$0.333 per diem for the third period, showing a very even expenditure of money.

Very respectfully,

B. H. OSTERHOUDT,
Director of Charities.

Hon. WILLIAM H. HUNT,

Governor of Porto Rico, San Juan, P. R.

Statistical report of the institutions under the management of the director of charities, showing the expenditure of funds, admission, discharge, and death of inmates and cost per capita, from February 1, 1900, the date of the reorganization of the institutions under the military government, to May 31, 1902.

Institutions and date.	Admissions.	Discharges.	Deaths.	Daily average inmates.	Average monthly expenditures.				Daily cost per capita.			
					Average number per employee.	Salaries.	Sub-sistence.	Incidentals.	Total.	Salaries.	Sub-sistence.	Incidentals.
<i>Boys' charity school.</i>												
Feb. 1 to May 31, 1900.....	5	39	1	195	39	\$899.39	\$721.75	\$538.50	\$2,159.64	\$0.128	\$0.102	\$0.098
June 1, 1900, to May 31, 1901..	163	77	1	233	47	1,134.42	916.55	601.32	2,652.29	.135	.109	.097
June 1, 1901, to May 31, 1902..	78	51	0	277	52	1,300.81	1,264.85	812.08	3,877.74	.131	.128	.11
<i>Girls' charity school.</i>												
Feb. 1 to May 31, 1900.....	0	7	1	161	19	352.08	424.91	389.72	1,166.71	.065	.078	.094
June 1, 1900, to May 31, 1901..	104	61	1	190	21	388.58	614.55	350.52	1,353.65	.064	.101	.084
June 1, 1901, to May 31, 1902..	36	39	0	202	24	440.01	660.55	347.01	1,447.57	.064	.097	.079
<i>Insane asylum.</i>												
Feb. 1 to May 31, 1900.....	28	6	20	151	33	766.70	679.62	239.14	1,685.46	.138	.123	.065
June 1, 1900, to May 31, 1901..	127	49	40	151	34	744.19	897.62	279.19	1,921.00	.134	.161	.076
June 1, 1901, to May 31, 1902..	144	75	50	189	37	803.25	1,040.85	340.81	2,184.41	.118	.153	.078
<i>Leper colony.</i>												
Feb. 1 to May 31, 1900.....	0	1	0	18	3	57.25	116.96	38.22	212.43	.091	.185	.082
June 1, 1900, to May 31, 1901..	6	1	2	18	6	143.27	142.97	91.23	377.47	.198	.198	.152
June 1, 1901, to May 31, 1902..	9	2	2	22	6	183.79	164.25	97.33	445.37	.204	.182	.13

Allotment and status of inmates as reapportioned to meet the requirements of the consolidation of municipalities to take effect July 1, 1902.

Municipalities.	Allotment.	Boys' charity school.				Girls' charity school.				Blind asylum allotment.			
		Present number in school.	Admissions from July 1, 1901, to May 31, 1902.	Discharges from July 1, 1901, to May 31, 1902.	Vacancies.	Waiting admission.	Present number in school.	Admissions from July 1, 1901, to May 31, 1902.	Discharges from July 1, 1901, to May 31, 1902.	Vacancies.	Waiting admission.	Male.	Female.
Adjuntas	5	1	0	0	4	0	4	1	0	0	3	0	2
Aguada	3	0	0	0	3	0	2	0	0	0	2	0	1
Aguadilla	9	6	4	0	3	4	6	2	0	0	4	0	2
Aguas-Buenas	2	6	5	1	0	4	2	3	1	0	6	1	1
Aibonito	3	3	2	1	0	7	2	2	1	0	0	2	1
Añasco	5	2	2	0	3	0	4	1	0	3	0	14	1
Arecibo	10	11	5	2	0	28	7	7	4	0	0	3	3
Barros	6	2	1	0	4	0	5	2	1	0	0	0	2
Bayamón	9	15	2	3	0	44	7	2	1	4	0	25	2

Allotment and status of inmates as reapportioned to meet the requirements of the consolidation of municipalities to take effect July 1, 1902—Continued.

Municipalities,	Boys' charity school.						Girls' charity school.						Blind asylum allotment.	
	Allotment.			Present number in school.			Allotment.			Present number in school.			Male.	
	Admissions from July 1, 1901, to May 31, 1902.	Discharges from July 1, 1901, to May 31, 1902.	Vacancies.	Admissions from July 1, 1901, to May 31, 1902.	Discharges from July 1, 1901, to May 31, 1902.	Waiting admission.	Admissions from July 1, 1901, to May 31, 1902.	Discharges from July 1, 1901, to May 31, 1902.	Vacancies.	Waiting admission.	Female.			
Cabo Rojo.....	4	3	1	1	0	1	3	0	0	0	1	1	1	1
Caguas.....	9	9	2	23	6	11	0	0	0	0	17	2	2	2
Camuy.....	9	7	2	8	6	8	0	0	0	0	7	2	2	2
Carolina.....	5	7	0	17	4	4	0	0	0	0	11	2	2	2
Cayey.....	6	3	1	2	5	2	0	0	0	0	0	1	1	1
Ciales.....	5	6	1	9	4	4	0	0	0	0	0	0	0	0
Coamo.....	4	6	0	2	2	3	3	0	0	0	3	3	1	1
Comerio.....	3	0	0	1	2	0	0	0	0	0	2	3	1	1
Fajardo.....	5	7	0	12	4	8	0	0	0	0	8	1	1	1
Guayama.....	7	4	1	3	5	1	1	0	0	0	5	2	2	2
Hato Grande.....	6	7	0	8	4	9	1	0	0	0	4	4	2	1
Humacao.....	6	4	3	12	5	2	0	0	0	0	3	3	1	1
Isabela.....	4	3	1	2	3	1	0	0	0	0	2	1	1	1
Juana Diaz.....	8	4	3	0	4	0	6	0	0	0	0	0	2	2
Lejas.....	3	0	0	3	0	2	0	0	0	0	0	0	1	1
Lares.....	6	0	0	6	0	4	1	1	0	0	3	0	1	1
Las Marias.....	3	0	0	3	0	0	0	0	0	0	2	0	1	1
Manati.....	8	8	2	1	0	41	5	8	0	0	0	33	2	1
Maricao.....	3	2	0	0	1	0	0	0	0	0	0	0	1	1
Mayaguez.....	11	15	0	22	8	10	0	4	0	0	0	11	3	3
Morovis.....	3	4	2	5	2	2	2	1	0	0	0	2	1	1
Naguabo.....	3	3	2	1	0	1	2	2	0	0	0	0	0	1
Patillas.....	3	0	0	3	0	2	0	0	0	0	2	0	1	1
Ponce.....	23	21	11	7	16	10	0	0	2	6	17	6	6	6
Rio Grande.....	7	6	3	0	1	3	5	2	0	1	3	1	2	2
Rio Piedras.....	4	7	0	24	3	3	0	2	3	0	0	10	1	1
Sabana Grande.....	3	3	4	1	0	0	0	3	0	0	0	0	1	1
San German.....	6	3	3	0	3	0	4	0	0	4	0	0	2	2
Santa Isabel.....	1	2	0	0	0	0	1	1	0	0	0	0	1	1
San Juan.....	10	43	0	146	7	40	0	17	0	0	78	2	2	2
San Sebastian.....	5	4	0	1	0	4	4	0	0	0	0	0	1	1
Toa Alta.....	7	14	0	39	5	10	0	0	0	0	0	20	2	2
Utuado.....	12	6	3	6	4	9	3	0	1	6	0	4	3	3
Vega Baja.....	5	4	1	0	1	9	4	6	4	1	0	6	1	1
Vieques.....	2	2	0	0	0	3	2	2	0	0	0	0	1	1
Yauco.....	8	1	0	0	7	0	6	0	1	0	6	2	2	2
Yabucoa.....	6	3	0	1	4	2	0	0	0	2	3	1	2	2
Total.....	275	270	78	51	73	492	200	188	36	39	76	287	75	75

List of calls at the Boys' Charity School.

Reveille, first call.....	5.30
Reveille, assembly.....	6
Fatigue call (cleaning quarters)	6.05
Bath call ^a	6.05
Recall from bath and fatigue.....	6.55
Mess call	6.55
Mess call, assembly.....	7
Sick call.....	7.15
Drill call.....	7.25
Drill call, assembly.....	7.30

^a Two companies clean quarters and grounds and two companies bathe alternate mornings.

List of calls at the Boys' Charity School—Continued.

	a.m.
Recall	8.30
Guard mounting, first call	8.30
Guard mounting, assembly	8.35
School call	8.55
School call, assembly	9
Recall from school	11.30
Mess call	11.30
Mess call, assembly	11.35
	p.m.
School and shops, first call	12.55
School and shops, assembly	1
Recall from school and shops	3.30
Parade, first call	5.10
Parade, assembly	5.15
Retreat	5.20
Mess call	5.30
School call	7
Recall from school	8
Call to quarters	8.10
Taps	8.30
	a.m.
General police (Saturday), first call	7.25
General police, assembly	7.30

By order of—

(Signed)

C. COLL Y TOSTE,
Superintendent Boys' Charity School.

(Signed)

J. W. ZIMMERMAN,
*Commandant Boys' Charity School.**Day's duties—Girl's Charity School.*

a.m.

5 to 5.30	Rising call.
5.30 to 6	Prayers.
6.30 to 7	Breakfast.
7 to 8	Cleaning dormitories and buildings.
8 to 11	School attendance.
11 to 11.45	Lunch.
	p.m.
11.45 to 1	Recreation.
1 to 2.30	School attendance.
2.30 to 5	Sewing, darning, and embroidery (also daily squads of 30 or 40 at the bath).
5 to 6	Supper.
6 to 7.30	Recreation.
7.30 to 8	Prayers and call to dormitories. Monday, Tuesday and Wednesday, fifteen of the eldest assist in the laundry. Friday, same fifteen assist in bed cleaning. Saturday, general cleaning of building, general bath, and clothes mending. Sunday, devotional exercises, letter writing, recreation, receiving visitors, and walks.

Santurce, May 28, 1902.

SOR JUSTA URRA,
Superintendent Girls' Charity School.

JUNE 1, 1902.

The DIRECTOR OF CHARITIES, *San Juan, P. R.:*

SIR: I have the honor to submit to you my report upon the inmates of the insane asylum for the period from July 1, 1901, to May 31, 1902. It gives me pleasure to state that the cures effected during that time have reached the rate of 22 per cent, and that this satisfactory rate exceeds by 6 per cent the progress made during the previous year. The inmates remaining over from the last fiscal year, the greater number of whom are incurable, taken together with those admitted during the present fiscal year, give this favorable result.

The 15 per cent death rate has remained the same. The admissions made during the present fiscal year considered alone give a 25 per cent rate of cured and a 10 per cent death rate—rates such as have never before been obtained since the founding of the asylum.

The sanitary improvements introduced in the establishment and the promptitude with which admissions are made are factors in the production of these favorable results. Delay no longer stands in the way of charitable aid, which serves the double purpose of bringing humanitarian aid to the sufferers at the very beginning of their mental disorder and avoids the loss of health produced by their being secluded, without assistance and a prey to poverty, in apartments which are deplorable on account of their lack of hygienic conditions, and their arrival at this charitable institution when it is already too late, converted into specters and sometimes with traces of cruel treatment. We have certainly witnessed during this year two cases in which the patient died a few hours after having been admitted, but such cases are few. In past years they were so frequently repeated that it became necessary to take active steps in the suppression of this serious evil. The authorities are constantly providing against the treatment of lunatics as if they were criminals or prisoners and at the same time improve the means of transportation.

New cells in the male department provided with modern drainage constitute a noteworthy means of security and hygiene.

The duties of the institution are performed with regularity; so much so that there is no fault whatever to be found with the employees.

The secular female attendants, who replaced the Sisters of Charity in 1900, perform the charitable duties assigned them by the regulations with the delicacy which characterizes their sex.

Very respectfully,

F. R. GOENAGA,
Superintendent Insane Asylum.

From July 1, 1901, to May 31, 1902.

Sex.	On hand July 1, 1901.	Admitted.	Dis- charged recov- ered.	Died.	Remain- ing May 31, 1902.	Recov- ered pending dis- charge.
Men.....	82	59	28	26	85	.....
Women	100	76	38	23	114	1
Total.....	182	135	66	49	199	1

Discharged unrecovered by request and upon responsibility of family.

Men.....	2
Women	1
Total.....	3

Patients who recovered from mental alienation July 1, 1901 to May 31, 1902.

Form of insanity.	Men.	Women.	Total.
Mania	10	10	20
Mania, acute	4	2	6
Mania, periodical		2	2
Mania, suicidal		3	3
Mania, hysterics		2	2
Mania of persecution	1		1
Lypemania		1	1
Nymphomania		2	2
Keromania	1	1	2
Dementia	2	4	6
Dipsomaniac	6	2	8
Impulsive madness	2		2
Madness, post-partum		3	3
Melancholia	1	4	5
Violent	1	2	3
Total	28	38	66

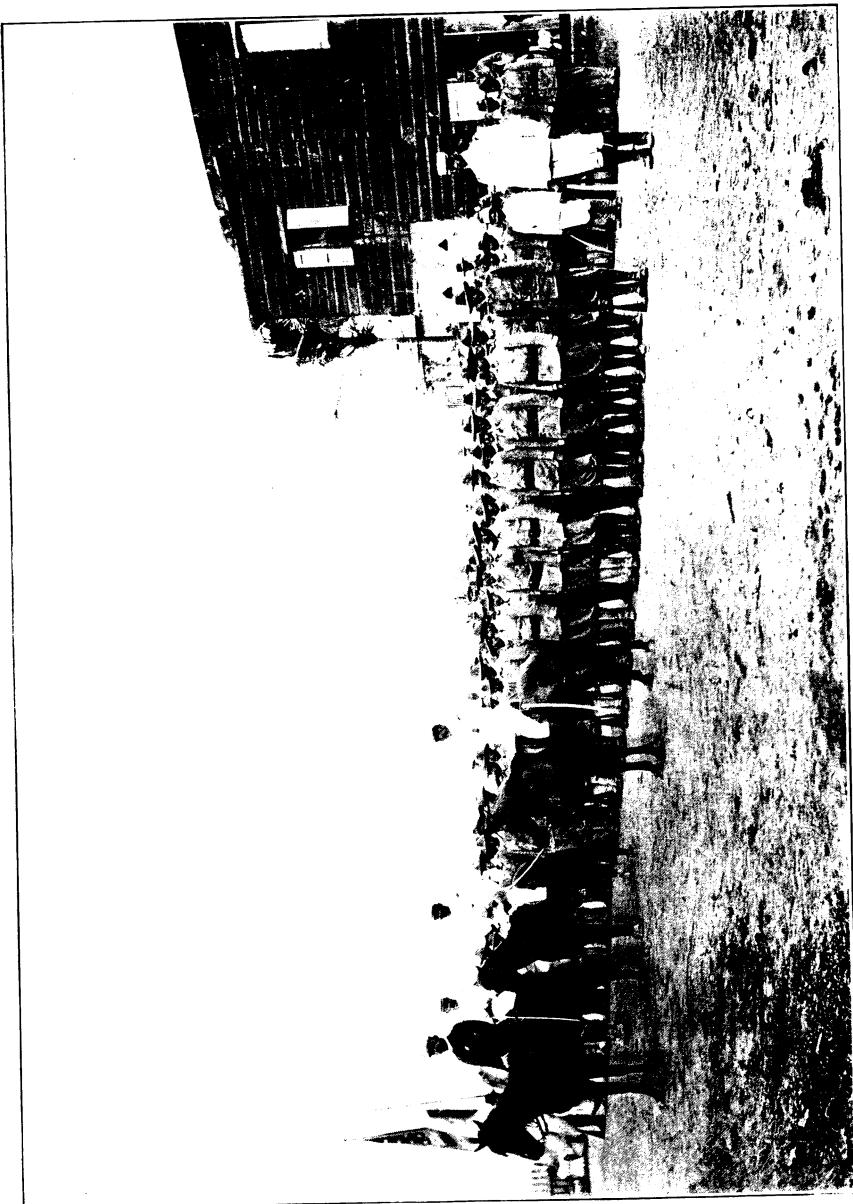
Patients who died from mental alienation, July 1, 1901, to May 31, 1902.

Form of insanity.	Men.	Women.	Total.
Mania	5	3	8
Dementia	9	7	16
Epilepsy	3	3	6
Keromania	2		2
Melancholia		1	1
Kleptomania	1		1
Lypemania		1	1
Progressive perlesia	1	1	2
Violent		2	2
Idiot	2	1	3
Mania of persecution	3	1	4
Dipsomania		1	1
Nymphomania			
Total	26	23	49

Intervening complaints which were the cause of deaths, July 1, 1901, to May 31, 1902.

Diseases.	Men.	Women.	Total.
General infectious diseases	2	1	3
Constitutional disorders of nutrition	2	1	3
Diseases of nervous system	4	4	8
Diseases of digestive apparatus	10	12	22
Circulatory apparatus	4	2	6
Respirator apparatus	4	3	7
Total	26	23	49

COMPANY INSULAR POLICE.



REPORT OF CHIEF OF INSULAR POLICE.

HEADQUARTERS OF THE INSULAR POLICE,
San Juan, P. R., June 15, 1902.

To His Excellency the GOVERNOR OF PORTO RICO.

SIR: I have the honor to submit herewith the following report on the insular police of Porto Rico, covering the present fiscal year:

Since rendering my annual report in the past year very few changes have taken place in the organization of the force. During their last session the legislature passed an act to provide for the regulation and government of the insular police of Porto Rico, which went into effect on March 1, 1902. This act is a modification of the one passed a year ago, and many improvements have been introduced in the same. Among these must be counted the clearer definition of the several duties of the police commission and of the chief, which permits the affairs of the force to be handled without the slightest friction between these authorities.

The increase in the number of police districts from five to six, and the corresponding increase in the number of officers, has had a very good result by not only increasing the efficiency of the force, but by also stimulating the efforts of its members by well-merited promotions.

The greatest modification, however, introduced by the new act is the suppression of courts-martial. These resulted during the past year to the detriment of the force, as the punishment awarded to offenders by sentence of court-martial proved to be inadequate and uncertain in too many cases. Under the present system of trial by the police commission punishment of offenses is sure and swift, thereby greatly improving the discipline of the force.

The act also provides for transportation to be furnished to members of the force by the alcaldes of the various towns when traveling under orders from headquarters or in obedience to summons from the courts; for free medical assistance to the members of the insular police, and counsel for their defense when on trial for homicide committed in the line of duty; it also established rewards by awarding gold and silver medals to a few of the members distinguished by the performance of conspicuous acts of bravery.

As many of these changes are of great financial benefit to the members of the force by saving them large expenses formerly payable out of their meager salaries, their appreciation is shown by increased zeal in the performance of their duties.

The personnel of the force is being constantly improved; incapable and worthless men are being weeded out, and great care is exercised by the commission in the appointment of new men, only the best of the large number of applicants being selected for the vacancies.

The force at present consists of—

Chief	1
Captains	6
First lieutenant and adjutant	1
First lieutenant and paymaster	1
First lieutenants	6
Second lieutenant and inspector	1
Second lieutenant and band leader	1
Second lieutenants	6
Sergeants	12
Corporals	70
Privates (guardsmen)	565
Total	670

In my last report I suggested the advisability of arming the force with carbines instead of rifles. The use of the rifle has now been entirely discontinued, as carbines have been secured from the United States Ordnance Department; a large part of the equipment has also been renewed. These arms and equipments were issued under the allotment of a part of the appropriation made by Congress for arming the militia of the several States and Territories. Such armament and equipment as remain worn out and unfit for service can be replaced within a few months from the above-mentioned appropriation for the coming fiscal year.

The salaries of the force remain the same as stated in my last report, excepting an increase of \$250 in the yearly pay of the chief and the discontinuance of the additional compensation to guardsmen who furnish and maintain a horse for the service.

The cost of maintaining the force for the eleven months of the present fiscal year, including all expenses for salaries, transportation, rent of quarters, furniture, postage, and incidentals, and including also the sum of \$1,000 expended in purchasing band instruments and music, amounts to \$259,106.78. This is a monthly average of \$23,555.16, and an average per man per month of \$35.16.

The insular police has continued to perform important services, and in such a manner that the policing of this island can be compared

favorably with that of the States of the Union. During the last twelve months the following arrests have been made:

Murder	41	Drunkenness	1,053
Attempt to murder	52	Disorderly conduct	1,858
Arson	46	Fighting	2,639
Highway robbery	133	Carrying concealed weapons	256
Horse and cattle stealing	204	Resisting police	298
Burglary	282	Violation of municipal ordinances	1,097
Rape	42	Violation of sanitary laws	498
Counterfeiting	7	Cruelty to animals	164
Perjury	5	Prostitution	81
Forgery	10	Discharging firearms	92
Theft	1,732	Vagrancy	136
Receiving stolen property	25	Escaped prisoners	66
Swindling	50	Fugitives from justice	170
Gambling	1,378	By order of judge	2,415
Abduction	525	Other causes	2,492
Smuggling and revenue frauds	114		
Assault	1,592	Total	19,553

The large increase in the number of arrests, compared with the number in the previous year, is accounted for by the fact that the present report includes all arrests made in the cities and towns (with the exception of Ponce and Mayaguez), all of which had their own municipal police formerly.

During October, 1901, a band was organized from among the members of the force, consisting of 27 pieces. These men are stationed at the executive mansion and perform the guard duty there. As a guard their services have been efficient, and as a band they have proven themselves first-class musicians. The weekly concerts given by the band in San Juan and in Rio Piedras are attended by large numbers of persons, who give well-deserved applause to the classic and popular selections rendered by the band.

Of the 565 guardsmen composing the force about 125 are on special duty as guards at the penitentiary, jails, and public buildings. Adding to these the usual percentage of guardsmen sick and absent with leave, the number remaining for actual police duty is very small considering the extent of the country which is being policed by the insular police. After July 1, 1902, it will become necessary to make a still further reduction in this small force by detailing 41 guardsmen to act as court officers to the justices of peace. I would therefore respectfully recommend that on July 1, 1902, a slight increase be made in the present force by the appointment of 8 sergeants, 5 corporals, and 35 guardsmen, which is within the limit authorized by law.

Another recommendation which I feel it my duty to make is the establishment of a mounted section of 150 officers and guardsmen.

The former system of additional compensation to such guardsmen as furnished and maintained their own horses having been discontinued, there are at present no mounts for the use of the insular police. It is almost impossible to perform the rural service on foot, especially during the rainy season, when the roads and rivers become impassable. Every post and subpost of insular police should have two mounted men for performing service in the rural sections.

The new law provides for the formation of a mounted section and for the purchase of horses and equipments; it carries, however, no additional appropriation for such purpose. The equipments could be secured from the United States Ordnance Department under the appropriation for arming and equipping the militia; the cost of purchasing and maintaining for one year 150 horses should not exceed \$25,000. I believe that the police commission should be authorized to expend this amount, on account of the evident necessity of a mounted force, and in the firm conviction that the coming legislature will make provision for any deficiency in the appropriation that may be caused by such action.

On the whole, the services performed by the insular police during the past have proven its efficiency and its ability to maintain public order throughout the entire island. Further progress is being steadily made, and your approval of the foregoing recommendations is earnestly solicited in order to accomplish a still further and more rapid increase in the efficiency of the force which I have the honor to command.

Trusting that my labors and those of the entire force meet with your approval and may continue to deserve the same,

I am, very respectfully,

FRANK TECHTER,
Chief of Insular Police.

PROCLAMATION.

Whereas an act of the Congress of the United States entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," approved April 12, 1900, permits a commerce free of custom taxes between the United States and Porto Rico whenever the legislative assembly of Porto Rico shall have enacted and put into operation a system of local taxation to meet the necessities of its government, and whenever the President of the United States, having been so notified by resolution of said legislative assembly, shall have made proclamation thereof; and

Whereas the legislative assembly of Porto Rico has enacted a revenue law creating a system of local taxation to meet the necessities of the government, which in all of its parts will be in full operation on the 1st day of July next;

Now, therefore, I, Charles H. Allen, governor of Porto Rico, by virtue of the authority in me vested by the organic act aforesaid, and by other laws of the United States and of Porto Rico, do hereby summon the legislative assembly of Porto Rico to convene in extraordinary session at the capital on the 4th day of July next at 10 o'clock in the morning, then and there to consider this matter and, if they shall so determine by joint resolution, to notify the President of the United States thereof for his action.

In witness whereof I have hereunto affixed my signature, at the executive mansion at San Juan, on this 22d day of June, in the year of our Lord 1901.

CHAS. H. ALLEN, *Governor.*

By the governor:

J. H. MACLEARY, *Acting Secretary.*

FREE-TRADE JOINT RESOLUTION.

A JOINT RESOLUTION of the legislative assembly of Porto Rico, notifying the President of the United States that the legislative assembly of Porto Rico has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico, established by act of Congress entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," duly approved April 12, 1900.

Be it resolved by the legislative assembly of Porto Rico:

Whereas a civil government for Porto Rico has been fully and completely organized in accordance with the provisions of an act of Congress entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," duly approved April 12, 1900; and

Whereas it was provided by the terms of said act of Congress that whenever the legislative assembly of Porto Rico shall have enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico, by the aforesaid act established, and shall by resolution duly passed so notify the President, he shall make proclamation thereof, and thereupon all tariff duties on merchandise and articles going into Porto Rico from the United States or coming into the United States from Porto Rico shall cease, and from and after such date all such merchandise and articles shall be entered at the several ports of entry free of duty;

Now, therefore, the legislative assembly of Porto Rico, in extraordinary session duly called by the governor and held at San Juan, the capital, on July 4, A. D. 1901, acting pursuant to the authority and power in it vested by the provisions of the said act of Congress above referred to, does hereby notify the President of the United States that by virtue of an act of the legislative assembly of Porto Rico entitled "An act to provide revenue for the people of Porto Rico, and for other purposes," duly approved January 31, A. D. 1901, and of other acts of the legislative assembly duly enacted at the first session of the legislative assembly of Porto Rico duly held at San Juan, P. I., commencing December 3, 1900, and ending January 31, A. D. 1901, it has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico by the aforesaid act of Congress established.

The legislative assembly of Porto Rico hereby directs that a copy of this joint resolution be presented to the President of the United States,

and hereby requests the governor of Porto Rico to deliver the same to the President, to the end that proclamation may be made by him according to the provisions of the said act of Congress and, if it shall seem wise and proper to the President, that such proclamation may issue on the 25th day of July, the said day being a legally established holiday in Porto Rico, commemorating the anniversary of the coming of the American flag to the island.

Approved 4th July, 1901.

PROCLAMATION.

EXECUTIVE MANSION,

San Juan, P. R., July 25, 1901.

The following proclamation has this day been issued by the President of the United States, to wit:

PROCLAMATION.

Whereas by an act of Congress approved April 12, 1900, entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," it was provided that "whenever the legislative assembly of Porto Rico shall have enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico by this act established, and shall by resolution duly passed so notify the President, he shall make proclamation thereof, and thereupon all tariff duties on merchandise and articles going into Porto Rico from the United States or coming into the United States from Porto Rico shall cease, and from and after such date all such merchandise and articles shall be entered at the several ports of entry free of duty," and

Whereas by the same act it was provided "That as soon as a civil government for Porto Rico shall have been organized in accordance with the provisions of this act, and notice thereof shall have been given to the President, he shall make proclamation thereof, and thereafter all collections of duties and taxes in Porto Rico under the provisions of this act shall be paid into the treasury of Porto Rico to be expended as required by law for the government and benefit thereof instead of being paid into the Treasury of the United States," and

Whereas the legislative assembly of Porto Rico has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico, as aforesaid, and has passed and caused to be communicated to me the following resolution:

A JOINT RESOLUTION of the legislative assembly of Porto Rico, notifying the President of the United States that the legislative assembly of Porto Rico has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico established by act of Congress entitled, "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," duly approved, April 12, 1900.

Be it resolved by the legislative assembly of Porto Rico:

Whereas a civil government for Porto Rico has been fully and completely organized in accordance with the provisions of an act of Congress entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," duly approved April 12, 1900, and

Whereas it was provided by the terms of said act of Congress that whenever the legislative assembly of Porto Rico shall have enacted and put into operation a system

of local taxation to meet the necessities of the government of Porto Rico by the aforesaid act established, and shall by resolution duly passed so notify the President, he shall make proclamation thereof, and thereupon all tariff duties on merchandise and articles going into Porto Rico from the United States or coming into the United States from Porto Rico shall cease, and from and after such date all such merchandise and articles shall be entered at the several ports of entry free of duty:

Now therefore the legislative assembly of Porto Rico, in extraordinary session, duly called by the governor and held at San Juan, the capital, on July 4, A. D. 1901, acting pursuant to the authority and power in it vested by the provisions of the said act of Congress above referred to, does hereby notify the President of the United States that by virtue of an act of the legislative assembly of Porto Rico entitled "An act to provide revenue for the people of Porto Rico, and for other purposes," duly approved January 31, A. D. 1901, and of other acts of the legislative assembly duly enacted at the first session of the legislative assembly of Porto Rico, duly held at San Juan, P. R., commencing December 3, 1900, and ending January 31, A. D. 1901, it has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico by the aforesaid act of Congress established.

The legislative assembly of Porto Rico hereby directs that a copy of this joint resolution be presented to the President of the United States, and hereby requests the governor of Porto Rico to deliver the same to the President, to the end that proclamation may be made by him according to the provisions of the said act of Congress, and, if it shall seem wise and proper to the President, that such proclamation may issue on the 25th day of July, the said day being a legally established holiday in Porto Rico commemorating the anniversary of the coming of the American flag to the island.

(Signed)

WILLIAM H. HUNT,
President of the Executive Council.

(Signed)

MANUEL F. ROSSY,
Speaker of the House of Delegates.

Approved July 4, 1901.

(Signed) CHAS. H. ALLEN, *Governor.*

Now, therefore, I, William McKinley, President of the United States, in pursuance of the provisions of law above quoted and upon the foregoing due notification, do hereby issue this my proclamation, and do declare and make known that a civil government for Porto Rico has been organized in accordance with the provision of the said act of Congress: And I do further declare and make known that the legislative assembly of Porto Rico has enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico. In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this twenty-fifth day of July in the year of our Lord one thousand nine hundred and one and of [SEAL.] the Independence of the United States the one hundred and twenty-sixth.

WILLIAM MCKINLEY.

By the President:

DAVID J. HILL,

Acting Secretary of State.

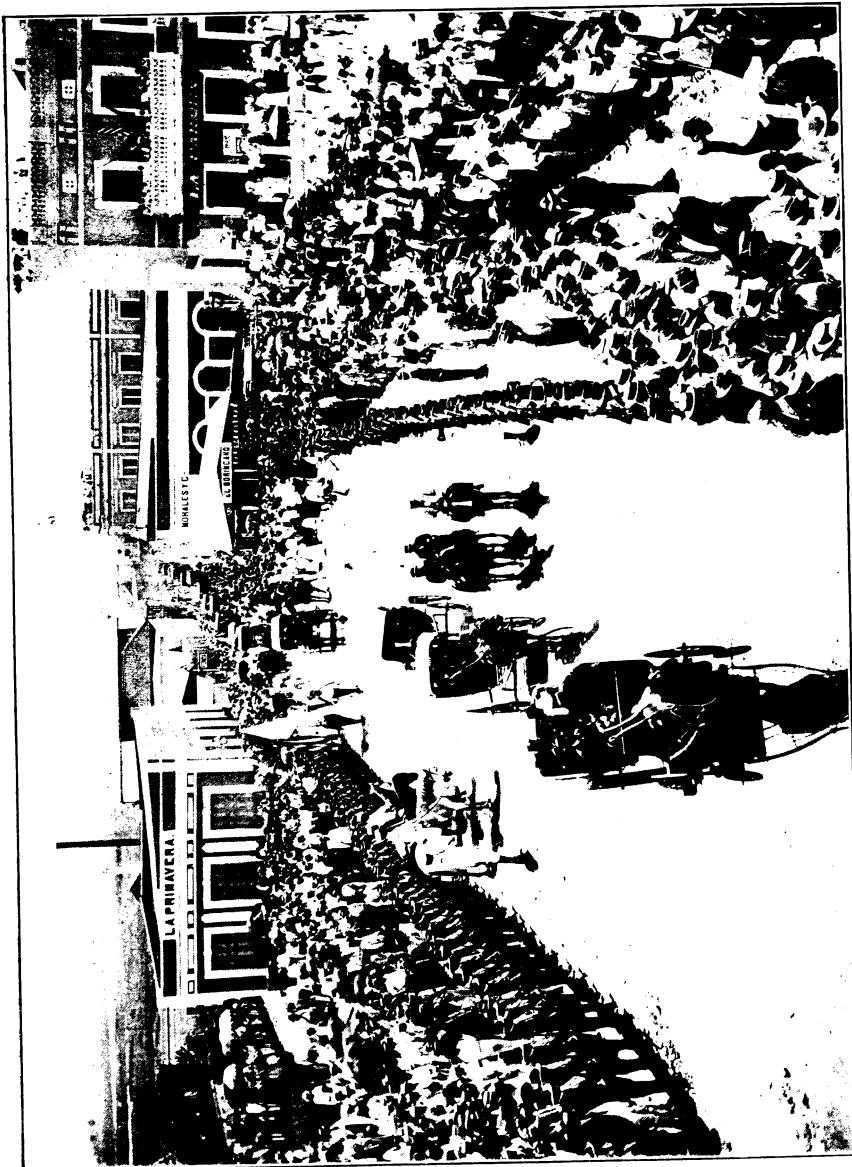
Governor Allen extends his congratulations to the people of Porto Rico upon the happening of this great event, in which congratulations I cordially concur.

WILLIAM H. HUNT.

By the acting governor:

J. H. MACLEARY,

Acting Secretary.



AREQUIPA, WASHINGTON'S BIRTHDAY.

**INAUGURAL ADDRESS OF HON. WILLIAM H. HUNT, GOVERNOR
OF PORTO RICO, SEPTEMBER, 1901.**

SAN JUAN, September 20, 1901.

To the citizens of our island.

Less than seventeen months ago my distinguished predecessor told you upon the solemn occasion of taking his oath of office that a new page had been turned in the volume of the history of Porto Rico, and that a new era had been inaugurated in the development of the island. He added:

Whether this new era shall turn out well or ill now largely depends upon yourselves. The greatest constitution makers can only lay the foundation. The building of the superstructure—whether or not it shall be stately, beautiful, and enduring—must rest upon the industry and wisdom of the people themselves.

To-day we overlook the period of the history of civil government then inaugurated. It has been a time of work, and not without its deep anxieties.

To implant in Porto Rico the institutions of the new nation which has led the world in the forward movement of enlightened progress, which is furthest advanced in the science of free popular government, and which disseminates the doctrines of true liberty only, was a great undertaking. Four centuries of military rule had been followed by the inevitable disturbances of war, and war by unprecedented hurricane—ruin, misery, and sadness were rife throughout the island. Was it to be wondered at that commingled with desire for its advent the success of civil government was honestly doubted by some conservative men among the Porto Ricans themselves?

But we find a progress startling to those who questioned the wisdom of this national confidence, and abounding in satisfaction to those who foretold success. From the day of the inauguration of civil government, under the wise guidance of the retiring governor, there has been a steady and healthy advancement. As the months have gone the people have realized more and more that the purpose of the United States is to elevate and not to degrade them. Object lessons have told them that our plan is to educate, to impart lessons of self-help, and to permanently build up a government according to the highest standards of American republican institutions.

These high aims could not have been made sure in a day, but they have reflected the conscience of the American people, and I believe the future to be certain.

Citizens now have the privilege of electing a popular lawmaking body, while in the executive council you have five native-born citizens, chosen by the President. No longer do your statutes come as royal decrees from the palace of a monarch, but from a body of legislators the large majority of whom are chosen in your island by your own votes, cast according to your own untrammeled convictions.

Henceforth, if the laws you live under are good, self-government will be reaffirmed a success; if they are bad it will only be because you yourselves retrograde or elect those unworthy or unfit to represent you. Will there be a movement backward? No; never shall this people go backward beneath the flag over our heads to-day.

Fortunate was it, too, that the measure of this high civil responsibility was well estimated the first time the people were called upon to elect their own lawmakers, for our statute book of this year contains a system of laws so just and considerate to all that since the test of practical operation has been applied not only is there no clamor for their repeal, but instead a general satisfaction and security in their existence; and while in legislation there is still much to do, if the work goes on as it was commenced, rights of life and property will be most wisely preserved.

Throughout the various departments of the government your own people help to administer the most important public affairs, adapting themselves to the modern ways of the United States, and conducting their offices with an impartiality and skill entirely commendable.

Never was there a more interesting struggle than that, everywhere apparent in our island, for education. It is a daily evidence of the earnest wish of both parents and children for mental improvement. When men, women, boys and girls, have as a grievance that there are not enough schools, then we know that Porto Rico must prosper. I pledge you that we shall never relax our energies until every child of proper age has a good school within easy reach of his home. Be a little patient; the first year's record is excellent, showing as it does 34,000 children enrolled and an average attendance of 75 per cent. Mechanical and industrial schools will be inaugurated at an early time, so that boys may learn trades and other useful occupations, fitting them for practical pursuits in life. There have also been constructed 29 schoolhouses, which means 10,000 more children to be educated, 9 more are already projected, while but a few miles away the clink of the trowel means the early completion of an insular normal school. We fully expect to have 50,000 children enrolled by November next.

Good citizenship, patriotic inspirations, spring from the American schoolhouse, and instead of Porto Rico's affording an unfortunate example of illiteracy, let us here record our determination to show the highest percentage of gain in literacy of any land under the sun.

It is in the schoolhouse, too, the boy is taught that under our government the relationship of the citizen is a reciprocal one, and that his support and loyal encouragement are indispensable to complete success. No government of the people can accomplish its objects without exertion by its citizens and their keen interest in its life. Indeed, the very foundation of the American Republic rests in the equal share that every citizen has in it, and the performance of duty which the citizen owes to the government which protects him and faithfully administers the laws.

Porto Rico's wealth is in agriculture. The government, Federal and insular, should particularly encourage farming, whether on a large or a small plan. We not only want the big central, but by each hut in the country there ought to be a garden to yield produce for the family.

Hunger should never be the accompaniment of poverty in Porto Rico. Given a small piece of ground, a few cents' worth of garden seeds, with slight energy, no family should be without the means of subsistence. The agricultural experimental station to be established by the United States and the rural agricultural schools already assured by the insular government will be of inestimable advantage in demonstrating the potentialities of the soil and the best methods for the gardener to work it. The policy of the government must be to diffuse a knowledge of farming far and wide among the people, old and young. This is of paramount importance. Where land is so fertile, intelligent toil alone is needed to make its rewards copious.

Internal improvement must continue. With unequaled coffee and unsurpassed sugar lands, with inviting fields for tobacco, orange, and other fruit culture, roads are essential; indeed, no plan for permanent forward movement is to be thought of which would disregard road construction. Here, too, we find encouragement, inasmuch as added to the fact that there have been built 32 kilometers of road since civil government began, is the assurance that the highway from Arecibo to Ponce will be pushed to completion without delay. Country or neighborhood roads are being built, and it is interesting to note that through the generosity of Congress and our own appropriations, there have been built in Porto Rico, in the last three years, 160 kilometers of roads, at an average cost of \$8,000 per kilometer, which aggregates \$1,280,000. This represents more than half as many kilometers as were built in the preceding history of the island. It is hard to deny to every place good ingress and egress immediately, but the work will be continued as fast as may be economically safe and practicable.

Roads mean opportunities for farmers on large and small scales. If a man has a highway whereby to get his produce to market, he has little excuse for not cultivating the soil and supporting himself.

Nature has made it easy for an agriculturist in Porto Rico to secure a crop, and he must do his share by industriously planting his seed and caring for his place, thus relying on his own energies to achieve success.

The true policy, therefore, must be to go on with the improvements, doing what we consistently can to open highways to the sea for market purposes, always keeping in mind the demand for the material development of the island, yet not forgetting that roads and education mean taxes, and that there must never be a departure from conservatism in all financial affairs.

Porto Rico holds a significant national position. Lying in the oceans between North and South America, halfway between New York and Para, on the way from the Atlantic seaboard to the isthmian canal, forming the gateway for the passing of ships from Europe to Central America, Porto Rico demands the attention of those who foresee that in the struggle for commerce our main country must speedily extend its trade with the 40,000,000 of people dwelling south of us. Transportation lines will multiply as relations grow more intimate, and the harbors of Porto Rico should contribute to this commercial expansion. This island should be the emporium of the West Indies.

In his speech, now immortal, recently delivered at Buffalo, President McKinley, while dwelling upon the prosperity of our mainland and the need of expanding trade with South America, said:

Our capacity to produce has developed so enormously and our products have so multiplied that the problem of more markets requires our urgent and immediate attention. Only a broad and enlightened policy will keep what we have. No other policy will get more. In these times of marvelous business energy and gain we ought to be looking to the future, strengthening the weak places in our industrial and commercial systems, that we may be ready for any storm or strain.

It is in line with this thought that Porto Rico may properly ask Congress for the establishment of a naval station, for the consideration of harbor improvement, and of tariff relations bearing upon the interests of our agriculturists. It is of national advantage as well as local that our seaports be dredged to admit the merchant marine as well as our largest naval vessels, and it is but right that coffee production in Porto Rico be stimulated by the restoration of a duty upon all coffee brought to the island from elsewhere, and that our planters should otherwise enjoy trade preferences over those not under our flag.

Public philanthropy may well be directed toward the establishment of an asylum for the indigent, helpless cripples, and for the blind. Those who are well can and should exert themselves, but civilized humanity demands that as soon as the Government is able, it provide a refuge for persons who are dependent and helplessly afflicted.

In municipal affairs we can make improvement by legislation which will reduce the number of municipalities, and in many instances reduce

the number of councilmen. The management of a municipal corporation should be conducted upon strict business principles, and with the same cautious regard for affairs that the prudent merchant exercises in his commercial house. Councilmen should attend to their duties. No permanent good is accomplished by hasty resignations or by keeping alive political feuds, or by refraining from participation. Frugal management in the municipalities means municipal credit for water-works, sewers, streets, schoolhouses, hospitals, and fire protection.

The public service must be kept at the very highest point of utility and efficiency. Let it be a source of honor that our courts administer the law with absolute impartiality and without fear. We shall have no sinecures, and no departure from the unvarying standards upon which appointments are based—character, fealty to American institutions, fitness, and strict accountability to duty.

We should invite new enterprises. A public spirit which will encourage them is in all respects desirable. Railroads, steamships, electric-power plants, hotels, sugar factories, tobacco, hat, jelly, bay-rum manufactories, and fruit canneries will come in the wake of the advantage which we now possess in free-trade relations with our main country. There is need for them, and it will not be long before the far-seeing business man will understand that the race is to the swift here, as elsewhere in America.

It is quite natural that there should have been some disappointment that larger material improvements have not come before, but we must remember that the people themselves have been on trial under the new order of individual freedom. Capitalists are cautious and seldom invest unless they know that the citizens of the land are quiet, obedient to the law, and in sympathy with development. Unrest, discontent, agitation, and turbulence gain nothing, but they do postpone the growth which capital alone will insure. Day by day and month by month, however, you have given creditable proofs of your appreciation of the situation by conducting yourselves peacefully and in accord with the law. The results must soon come forth when labor will find more plenteous opportunity and will receive its substantial reward.

People of Porto Rico, I do not come to the responsibilities of this high office as a stranger to its exactions or to you yourselves. Fifteen months of close contact with you while performing my humble share in constructive government and of constant study of public conditions have given me knowledge of your wants and quickened my sympathy with your highest aspirations.

No public official can satisfy the expectations of all who may be affected by his acts, but the spontaneous and generous way in which you have received my elevation to the governorship leads me to hope that with continued energy on my part and help and support on yours I may be instrumental in further advancing the public welfare.

If I can it will only be to share in the fulfillment of the solicitous expectations of that distinguished man whose blameless life has just been so suddenly ended. A far-seeing statesman, having guided the nation through war, was yet leading it in triumphs of love and peace. He lived to witness that concord of peoples which he did so much to promote. The world is better and mankind is closer by his teachings. Stimulated by his hope for the success of civil government in Porto Rico, knowing his tender anxieties for the people, and his unwavering confidence in your patriotism, let us move forward, holding his name forever deeply endeared to our hearts.

Let me earnestly beg you to remember that political differences ought to be based upon measures rather than upon personal prejudices; that it is the duty of every citizen to practice tolerance toward his neighbor and to respect his opinions though different from his own. I therefore implore you to forsake the bitterness of bygone days, to look forward and to cooperate in promoting general contentment of the people.

Security to life and property here rest in a government of law and not of the sword. The past may be crowded with sorrows; it is no time or place to dwell upon them. We now live under the institutions of America, where government is of the people, by the people, and for the people—where Washington, Lincoln, Garfield, and McKinley stand as exemplars of American citizenship.

The truest patriot in Porto Rico is the man who looks to the future with abiding hope, who never falters in his respect for the law, who raises his voice to counsel quiet obedience to it, and who has the courage to disavow opposition to it, no matter by whomsoever suggested. In this way peace and tranquillity shall prevail, commerce shall thrive, labor shall be demanded, capital shall find perfect safety in investment, citizenship shall be elevated, and that much sooner will the nation hail the rising star of the sea.

MESSAGE OF THE HON. WILLIAM H. HUNT, GOVERNOR OF PORTO RICO, TO THE LEGISLATIVE ASSEMBLY, SECOND SESSION, JANUARY 2, 1902.

To the Legislative Assembly:

You convene this year under happy auspices. Happy they are, because the important work of last session has already redounded to the general prosperity of the island, while the course pursued at that crucial period of legislative responsibility has been vindicated as wise, conservative, and progressive. As a result it has enabled us to enjoy the boon of free trade with our mainland seven months before the organic act itself removed the barriers. You now behold a steady advancement among the people in education, morals, health, and business. Tranquillity and contentment prevail, schools have multiplied, plantations have been started, railroads are about to be built, commerce has developed, labor is more in demand, exports have increased, agriculture is more profitable, roads are being constructed, debts are being paid, and, above all, patriotic cooperation between the people and the Government is more widespread as the unselfish purposes of the United States are better appreciated. Public and private credits are excellent, municipal and individual enterprises have grown and bid fair to prosper under the further protection of liberal laws and a lasting healthy spirit of obedience to them. Tolerance of opinion between citizens is more common, while old antagonisms are being forgotten as a government of measures and not of men finds its enduring place in Porto Rico. The people know better than ever that they are responsible for the success or failure of government, as they are part of it. May this spirit be more and more diffused as time goes on. May asperities be softened and good citizenship unite all men who consider country above party, principle above place.

Your share in this great work can not be overestimated. Let the single consideration always be universal public welfare, and with that guide only in the minds of the legislators, you should take up proposed measures deliberately, without fear of criticism, at home or abroad. Character is the quality that counts for most in public life. Time always upholds a public servant in conscientiously and fearlessly advocating what is for the general public good. He may be cruelly censured to-day, but when riper counsels prevail, after the heat of the hour, he is invariably sustained and gratefully beloved. You know this full well—your own experiences as members of the first legislative assembly are proofs of what I say.

I now briefly state to you the general public conditions, together with some suggestions concerning them:

EDUCATION.

It is not too much to say that the people are enthusiastic over education and that great progress has been made. A year ago at this time there were 682 schools open; now there are 875. Then there were enrolled 30,000 pupils; now there are 43,000. Last year there were 721 teachers; this year there are 934. Thirty-two school houses have been constructed at a cost of \$132,243.43, and a normal school is nearing completion, to cost \$37,000 more. By provision of the laws of last winter 45 young people are also being educated in the United States at an annual cost of \$15,000. There are 45 children from Porto Rico in the Carlisle Industrial School, while 129 more have been received by generous institutions of learning, making a total of 219 students studying in the United States under the direction of the Department of Education. Where a people seek education so assiduously the Government must and will leave nothing undone to afford school facilities. More night schools are advised. As a rule the ayuntamientos have done their shares in education, but the minimum of 10 per cent of budgetary incomes should be increased to 15 for maintenance of schools, and legislation should require that a prompt transfer of money be made to the school boards by the city treasurers.

FINANCES.

The auditor's report for the fiscal year ending June 30, 1901, which will be transmitted to you, shows a gratifying condition of public finances. Looking at our ordinary sources of income, insular revenues strictly, we find the balance in the treasury June 30, 1901:

Insular revenues	<u>\$74,631.41</u>
The insular revenues deposited with the treasurer from July 1, 1901, to November 30, 1901 (five months), are as follows:	
Customs	332,987.57
Internal revenues	627,194.84
Miscellaneous insular receipts	14,471.20
Repayments by disbursing officers	23,889.01
Total deposits, insular revenues	998,542.62
The total amount appropriated by the first legislative assembly for the service of the current fiscal year ending June 30, 1902, is	2,001,302.31
The expenditure from appropriated insular revenues from July 1, 1901, to November 30, 1901, on accountable warrants, is	880,346.24
Leaving a balance in the treasury on December 1, 1901, of current insular revenues	202,052.39
Or an increase of available balance since June 30 of	<u>127,420.98</u>

Now, considering additional revenues, we have these resources:

Balance of trust funds on deposit December 1, 1901, including allotments by the President	\$951, 193. 18
This balance, added to the amount of insular revenues on deposit December 1, 1901.....	202, 052. 39

Give us a balance in the treasury of Porto Rico, December 1, 1901, of..	<u>1, 153, 245. 57</u>
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But we also have on deposit in the Treasury of the United States under the several acts of Congress of March 24 and of April 12, 1900, and allotted by the President	433, 213. 79
Which, with a further unallotted trust fund of	397, 902. 55

Gives us a balance of	831, 116. 34
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Add these several available assets, insular and trust funds, which we have here and in the mainland, and we have as available cash on December 1, 1901, a grand total of \$1,984,361.91.

I am pleased to add that December collections of customs will be \$135,000, which will doubtless increase the available balance to \$2,000,000.

With these available trust funds the government is making public and permanent improvements. The construction and repair of roads and the building of schoolhouses, including a normal school, are going on all the while and necessarily the trust funds themselves will be steadily diminishing. It is prudent, therefore, to provide closely for changing conditions. We should preserve the sound revenue system already established, merely expanding and perfecting the same to meet public wants. The experiences of the past year have demonstrated the soundness of the principles of the law, and simultaneously enabled us to ascertain where amendments can wisely be made. A very thorough revision of the existing assessment should be had this year, not an entire new general assessment, but a revision of lists and values. By doing this any present inequalities can be corrected and values placed at present market rates. This will doubtless increase revenues, and such assessment may become a practically permanent one.

I recommend an excise tax on beer, which should approximate the customs duty formerly paid upon its importation. An increase on wine from 15 to 20 cents per gallon would be reasonable. It would be well to revise and increase excise taxes on proprietary medicinal preparations and medicinal toilet articles, while ad valorem excises on perfumes and cosmetics should also be raised. I also submit for your consideration whether the time has not come to increase insular license rates horizontally, but slightly.

It is highly important that the municipalities receive larger incomes, to the end that they may improve with the spirit of the age. Municipal improvement means additional value to property; some increase of tax is justifiable and will work no hardship. The present system of paying 15

per cent of the excise taxes to municipalities should be abolished, and the insular government should retain the total amount derived from excise collections. The law should also be amended so as to permit an increase in the present rate of property tax for municipalities only from one-half of 1 per cent to not exceeding 1 per cent. These changes will greatly assist municipal treasuries, and will give a much more satisfactory apportionment of taxes between the municipalities and the insular treasury. Excise taxes should properly be insular taxes; moreover, the present system of apportioning a percentage of the excise taxes to municipalities according to their population works a great injustice, as large rural districts often receive a larger portion of the taxes than the larger towns, although the rural district has less need for the larger income.

Included in the expenditures of the government is the sum of \$39,775.08 paid out in settlement of claims against the diputación provincial. The commission to pass upon these claims has completed its work, having allowed 111 claims against current appropriations, 8 claims against appropriations for 1900-1901, and 1 claim against appropriations for 1900. The commission disallowed claims aggregating \$123,473.65, while 63 claims, aggregating in amount \$18,114.80, have been certified to the district court as required by law.

COURTS AND JUDICIARY.

Property interests are protected by the courts, and offenses against the laws are punished with reasonable promptness. There is, however, no necessity for both municipal and police judges in the smaller municipalities. One official could perform the work now done by the two, and I believe you will find it expedient to vest the two jurisdictions in one judge in less important municipalities. There has been some complaint that local magistrates are indisposed to inflict proper punishment for violations of laws concerning the public health. This is to be disapproved of, as there should be no lack of cooperation on the part of judicial officers in the enforcement of laws tending to improve sanitation. Vigorous prosecution of those who violate the revenue laws must also be had. Let it be thoroughly well known that dishonesty will never be palliated and that the courts are impartial but severe upon transgressors, and revenue frauds will be but few.

Provision should be made for reporting and publishing the decisions of the supreme court and United States court for Porto Rico.

MUNICIPALITIES.

No subject to come before you is more important than that of municipal government. At present the system is not good; it is unsatisfactory and expensive. There is no need of elaborate municipal establishments in the smaller places throughout the island. The

people find themselves taxed to maintain them, yet governmental advantages are seldom realized. My observation is that with simpler government and fewer city officials, we should obtain a more direct responsibility, the certain results of which would mean closer attention to public affairs, better credits, improved hospital service, more satisfactory health control, clean and paved streets, and the more speedy introduction of approved modern public methods. There are two ways of accomplishing improvement—one by classifying the largest municipalities as cities, with improved charters, and all others as towns or villages; a second, by the consolidation of many present municipalities, so as to reduce the number to about fifty, allowing present governmental forms to remain substantially as they are now. The first reform is more radical than the second, but it means a more permanent economical system, which we must sooner or later adopt. Town or village government can be made very easy, and the cumbersome, expensive machinery now employed dispensed with by creating village councils composed of a president and four or six elected members, with limited corporate powers analogous to those exercised by city councils. The number of employees and their compensation should be the same in places of the same size. Positions which are not needed for public business should be done away with, and salaries should be based entirely upon the real value of the service performed. I recommend that you look into the question of dispensing with the office of secretary to the police court in smaller places, requiring the police judge to keep his own records. To do this would accomplish a saving, and where the public welfare justifies it it should be done.

Concurrently with the perfection of a system of insular revenue reform should go one of better municipal management. It is to do but half the work to legislate for the one, yet neglect the other. There should be two public examiners—insular officials—whose duties should be to see that municipal accounts are kept according to a uniform system, to be prescribed and approved by the auditor and treasurer of the island. Such examiners should go from municipality to municipality, examine the public books, and see that they are kept in proper form. Wrongs and irregularities would quickly be detected by these superior officials. Provision should be made requiring written reports by the examiners, who ought to be clothed with full power to call for any or all municipal books or accounts for inspection. The organization of such a supervisory service is especially urgent at this time, when cities are asking authority to incur bonded indebtedness.

PUBLIC WORKS.

I recommend the abolition of the board of public works. That branch of the government service is practically as constituted under

the old domination, but the time has come where efficiency of administration can be greatly promoted by having a single bureau head directly responsible to the commissioner of the interior. The present division of responsibility often causes delay and loss while awaiting board action; it also leads to the adoption of policies too frequently compromises, at variance with true economy of administration.

The maintenance of roads in Porto Rico is an item of heavy expense, and it is becoming an increasing one as roads are built from time to time. It is estimated that we shall require \$238,700 to keep up the roads in 1902-3. The commissioner of the interior is now obtaining full information upon the subject of road maintenance throughout the world, hoping that before long we can inaugurate a system with better results and at less cost than at present. I believe the general supervision of roads should be retained in the department of the interior, but in order to assist in their construction and maintenance the citizen should bear a slight burden. A plan which has been successful throughout many States of the United States is the levy of a tax upon each and every able-bodied male citizen over the age of 21 and under 45 years. I see no reason why it would not be good with us. The proceeds of this tax should go to the insular road funds, the expenditure, however, to be had within the district in which the tax is paid. The amount of the tax is often \$2 or \$3 in the States, but it ought not to be more than a dollar in Porto Rico. The citizen should have the right of working out his tax on the road if he prefers to do so.

Your attention is invited to the condition of the public buildings. Public property should not be allowed to deteriorate by neglecting to provide for substantial repairs. I ask that you look into the condition of all public buildings, and thereafter make such appropriations as will enable them to be put in good order.

The telegraph system of the island was turned over to the insular government by the War Department of the United States on February 1, 1901. Its value was then estimated at \$37,907.48, but no charge was made for this, although we paid to the United States the sum of \$4,529.74 as cost of instruments and material on hand. By direction of the governor, the management of the system was assigned to the interior department. The telegraph had been operated at a considerable loss (about \$4,000 per month) and the number of stations had been reduced to 10; but the receipts now show a steady increase in the value of business transacted, and we have to-day 19 stations. It is believed that in the next fiscal year the deficiency will not exceed \$3,000, even allowing for the erection of heliograph stations at Fajardo and Vieques, which should be undertaken at once.

The Federal Government intends to establish agricultural experimental stations in the island, and we ourselves should do something to help distribute agricultural knowledge among the people. Repre-

sentatives of the Agricultural Department of the United States will be here in a few weeks. I shall invite them to a conference, and hope to lay before you by special message further recommendations in reference to this important subject. We should encourage the people to make homes and own their own farms and cultivate them themselves. That is the American policy of development, and we must legislate to carry it out.

With the increasing commerce of the island, the control and jurisdiction over harbors and docks demands legislative consideration. The attorney-general having advised that the office of harbor master still exists, I filled that position in November last by the appointment of Capt. C. H. Tingle, directing him to make report to the department of the interior, to which his official duties should be appropriately attached. There is some confusion between the old regulations and the rules established by military orders. My recommendation is that a law be enacted revising and modernizing the whole system and authorizing reasonable charges to be made for harbor uses and dockage. At present no fees or tariffs are collected. The captain of the port estimates that under a schedule of charges more reasonable than those usually demanded in harbors the revenues from the harbor of San Juan alone will exceed \$15,000 per year, not to mention the advantages to shipping by an official control of the harbor. Our government should soon undertake such bulkhead or other construction at San Juan as may be needed for shipping facilities.

The superior board of health has done good service in promoting an interest in purer water, securing better drainage, cleanliness, and healthier food supplies. Its duties have grown as its commendable determination to accomplish results has been apparent. When we consider that efficiency in this bureau of public service is most essential to comfort and happiness, all reasonable requests for the delegation of power to make its authority effective should receive your thoughtful attention. The board has made an endeavor to suppress some of the diseases of live stock. It would be very unfortunate to allow glanders to gain hold in the island, and now is the time to stamp it out by strict inspection and quarantine.

CODE COMMISSION.

The code commission appointed pursuant to act of the legislative assembly of January 31, 1901, has made a report, submitting proposed political, civil, and penal codes, and one of criminal procedure. These will be laid before you. The commission has worked faithfully, and, so far as I can judge, in the limited time I have had to read their work, skillfully. I ask you to read the report of the commission, together with the commentaries accompanying the same, and to study the codes before acting upon them.

The time seems ripe for the introduction of many changes in the present laws. The full benefits of American systems can only be realized through legislation sweeping away un-American principles and substituting American. A recent conviction under the present penal code has brought into prominence several old laws. The man was convicted of the violation of the laws of "Plots to alter the prices of things." The English translation of the Spanish code provides that "those who wrongfully combine to enhance or lower the price of labor or regulate its conditions wrongfully, provided such combination has begun to be carried into effect, shall be punished with the penalty of arresto mayor. This penalty shall be imposed in its maximum degree on the leaders and promoters of the combination, and on those who shall employ violence or threats to insure its success, unless they deserve a higher penalty by reason thereof." It is said that this English translation is not correct, but should read "those who conspire to enhance or lower the price of labor or regulate its conditions abusively," etc. Whether the translation is quite correct or not there is a difference of opinion as to the scope of the law; one construction being that any combination to raise or lower the price of labor or regulate its conditions, even if only calculated to disturb market prices, is criminal, while the other view is that a combination becomes penal only when accompanied by an attempt on the part of those who combine to prevent others than themselves from working. It seems certain that as long as the law stands as it is ambiguities as to its intent will exist, and judges in the conscientious performance of judicial duty may pronounce judgments which are harsh and incompatible with American statutes. The remedy lies with the lawmakers. There is no room for lawlessness in Porto Rico, but the right to organize to secure better wages by peaceable measures is perfectly lawful and consistent with good government. Ambition to better one's condition is intensely American, and oftentimes only gratified through organized effort; and where the purpose of an organization is merely to increase the profit of labor or dignify its worth through peaceful ways, a law which is susceptible of a construction forbidding the execution of such purpose is unworthy of an American government, and should be abrogated.

LAND TITLES.

It is urgently necessary that the complicated titles to public lands in the island be decided by act of Congress. An equitable distribution as between the Federal and insular governments can be made with but little difficulty after actual observation of the situation and hearing the needs of the respective governments. With a view to securing the earliest possible action, I advise a memorial to Congress, setting forth the present conditions, and praying that a committee come to Porto Rico to determine upon a division.

ELECTIONS.

Among your other responsible duties is that of providing for the coming elections. The organic act contemplates that the people shall choose a new house of delegates and a resident commissioner to Washington next November. As the date for this election is fixed, it would be wise to adopt the same time for elections of municipal officers and school trustees. Frequent elections unsettle business and tend to keep up political excitement. It is better to have but one contest, and then to put aside politics for two years to come. The election law of last year was simple and just. It can well furnish the base of a new law to be amended in a few particulars.

CORPORATIONS.

Corporate organization is usually the form that capital prefers to adopt in developing new fields. A thoroughly fair corporation law would invite moneyed interests to the island, and be a source of revenue as well. We want business men to come, because their coming is necessary to healthy industrial development. Regulation of corporations, foreign and domestic, should be had in connection with such a law. The fees should not be excessive.

INSULAR POLICE.

The act of the first assembly extending the authority of the insular police to towns with a population of less than 6,000 has operated advantageously. Public order is well preserved, while the municipalities now policed by insular authority have been saved the cost of a municipal force. The moral and physical condition of the insular police is excellent, its administration is efficient, its officers are brave and capable. This body of men is a just source of pride to us all. It stands for good government, for law and order; its authority must always be respected and will be sustained by law-abiding people. From many standpoints it would be a good thing to further extend the usefulness of the force by policing more cities, but the additional expense would be considerable; yet I submit the matter to your earnest consideration.

PUBLIC CHARITIES.

Public charitable institutions are all in fair condition. The insane are particularly well cared for. The boys at Santurce ought to prepare and cultivate by their own labor a large garden. The ground is by their school, and they should be taught to farm it. A small appropriation could well be made to allow this to be done.

If the legislative assembly is as careful of its appropriations as I feel it will be, the island can now establish an institution for the indi-

gent blind. It would be a noble public charity, which is much needed. It might be inaugurated for, say, 150 patients at first, restricting admission to those who, because of poverty due to blindness, must die of starvation unless cared for.

FIREARMS.

The treasurer continues to issue licenses to carry firearms, as he must under the general order in force, wherever the applicant pays the prescribed fee. This is a very dangerous law and should be promptly amended. The habit of going armed is pernicious; it leads to disturbances and crime. In peaceable communities men need no pistols. If you think it wise to allow arms to be carried at all, I recommend that the privilege be restricted to those few persons whose occupations demand such measure of protection; and, except an officer of the law, no one should secure a license without stating his business, his reasons for asking the privilege, and otherwise first satisfying the treasurer or other authorities empowered to issue licenses that he is a fit person to obtain a permit.

EXPOSITIONS.

The exhibit of Porto Rican products at Buffalo accomplished substantial good by bringing to public notice the coffee, tobacco, and other products of the island. With our limited finances we can not make elaborate or pretentious displays at expositions, but I believe it is judicious to take part at Charleston this year and St. Louis next. The assembly not having been in session in September, with the advice and approval of the executive council I set apart, out of the appropriation "Miscellaneous expenditures subject to the approval of the governor," \$5,000 to be devoted to making a proper exhibit at Charleston, and appointed Maj. G. W. Fishback a commissioner. He has moved the Buffalo exhibit to South Carolina and is now arranging for a full tobacco exhibit. I recommend the passage of an act authorizing three commissioners to be named for Charleston and three for St. Louis, together with an appropriation for St. Louis of a sum not to exceed \$20,000.

I am unwilling to close this message without acknowledgment of the value of the service of the officials and employees of the government. Throughout there is a remarkable fidelity to trust and interest in work. Upon the administrative heads have devolved particularly severe responsibilities, and to their honest and unselfish work, to their sound and moderate judgments, we all owe much. Their counsel is most valuable, for it is born of experience combined with diligent study of conditions in and out of Porto Rico. You will find it profitable to call upon them for information from time to time, and I know they will always be pleased to respond and to cooperate.

To-day your labor really begins. As representatives of a government where the people elect a popular body of law makers, I feel that your course will continue to be one of self-restrained, cautious regard for public and private rights and economical government. As legislators you are not here as partisans; no one must have expectation or desire to secure measures for a government of makeshift. Our one common duty—yours, mine, ours—is to implant conservatively for all time to come and to foster the institutions of our country in this island of the sea. We are absolutely free in our course, but we can not escape responsibility for the way once chosen, or avoid our acts when done. Let us go to work with zeal and clear purpose, looking courageously to the future, demonstrating that love of country is here beneath the palm, and that civil government in Porto Rico shall be an element of national strength and pride.

WILLIAM H. HUNT.

EXECUTIVE MANSION, *January 2, 1902.*



